WEEK 31

FNArena
FINANCIAL NEWS, ANALYSIS & DATA

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Friday, 1 August 2025

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FNArena
Financial News, Data & Analysis

GPO Box 3145 - Sydney NSW 2001
info@fnarena.com

Your editor:
Rudi Filapek-Vandyck

Your dedicated team of journos:
Danielle Ecuyer, Greg Peel &
Mark Woodruff

AUSTRALIA

The Market In Numbers - 26 Jul 2025

<u>The Market In Numbers:</u> Look under the bonnet and what do you see?

For most investors, whatever goes on in financial markets is experienced through their own portfolio and personal matters of interest.

The below detailed overview in raw numbers and calculations might assist with assessing trends and currents that might not be apparent from daily volatility and movements.

All index data are ex dividends. Commodities are in USD.

Australia & NZ

Index	26 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	12853.460	-0.21%	1.99%	1.99%	-1.96%	1.99%
All Ordinaries	8934.30	-0.80%	1.84%	1.84%	6.10%	1.84%
S&P ASX 200	8666.90	-1.03%	1.46%	1.46%	6.22%	1.46%
S&P ASX 300	8606.30	-0.97%	1.56%	1.56%	6.27%	1.56%
Communication Services	1859.30	-1.56%	0.34%	0.34%	14.25%	0.34%
Consumer Discretionary	4139.10	-2.01%	-0.09%	-0.09%	5.83%	-0.09%
Consumer Staples	11966.30	-1.48%	-1.26%	-1.26%	1.67%	-1.26%
Energy	9297.50	3.94%	7.17%	7.17%	7.82%	7.17%
Financials	9196.50	-3.87%	-3.49%	-3.49%	6.76%	-3.49%
Health Care	44891.90	2.09%	7.90%	7.90%	0.01%	7.90%
Industrials	8327.80	-1.28%	0.11%	0.11%	8.91%	0.11%
Info Technology	2992.50	0.32%	3.16%	3.16%	9.18%	3.16%
Materials	17139.10	2.04%	8.08%	8.08%	6.29%	8.08%
Real Estate	3953.20	-1.12%	1.40%	1.40%	5.10%	1.40%
Utilities	9770.70	0.51%	6.88%	6.88%	8.17%	6.88%
A-REITs	1818.20	-1.35%	1.52%	1.52%	5.81%	1.52%
All Technology Index	4190.80	-0.40%	3.63%	3.63%	10.13%	3.63%
Banks	3862.60	-4.33%	-3.98%	-3.98%	7.10%	-3.98%
Gold Index	11067.80	-0.70%	-4.24%	-4.24%	31.39%	-4.24%
Metals & Mining	5681.50	2.38%	8.82%	8.82%	8.10%	8.82%

The World

Index	26 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9120.31	1.43%	4.10%	4.10%	11.59%	4.10%
DAX30	24217.50	-0.30%	1.29%	1.29%	21.64%	1.29%
Hang Seng	25388.35	2.27%	5.47%	5.47%	26.56%	5.47%
Nikkei 225	41456.23	4.11%	2.39%	2.39%	3.91%	2.39%
DJIA	44901.92	1.26%	1.83%	1.83%	5.54%	1.83%
S&P500	6388.64	1.46%	2.96%	2.96%	8.62%	2.96%
Nasdaq Comp	21108.32	1.02%	3.63%	3.63%	9.31%	3.63%

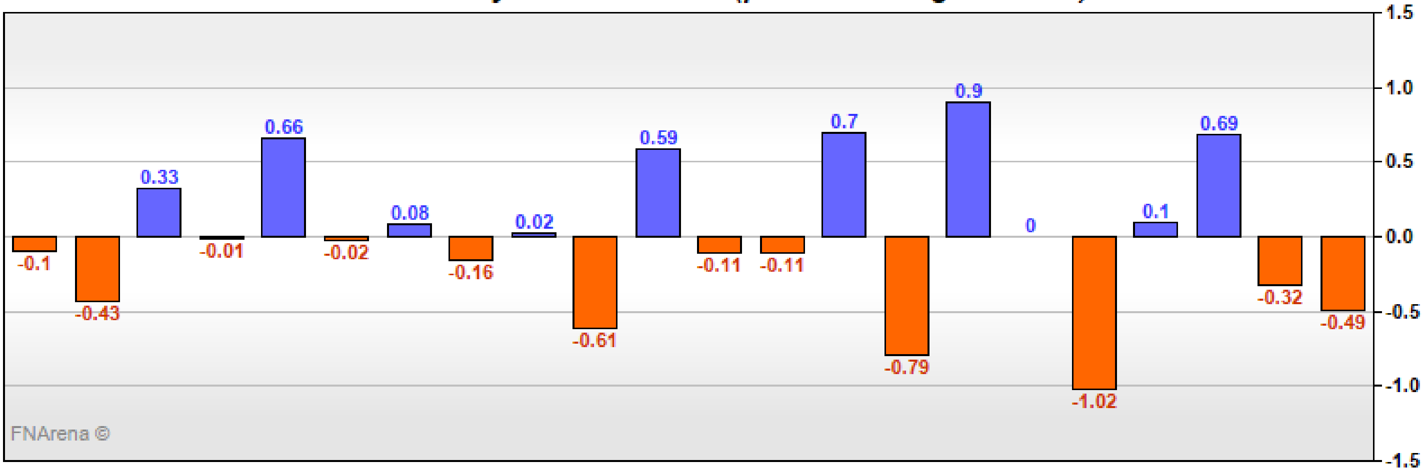
Metals & Minerals

Index	26 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	3371.25	0.78%	2.09%	2.09%	28.34%	2.09%
Silver (oz)	39.34	2.39%	8.67%	8.67%	30.18%	8.67%
Copper (lb)	5.8270	5.96%	14.36%	14.36%	42.24%	14.36%
Aluminium (lb)	1.2033	2.47%	2.04%	2.04%	5.27%	2.04%
Nickel (lb)	6.9555	3.58%	2.00%	2.00%	-2.65%	2.00%
Zinc (lb)	1.2898	3.74%	2.16%	2.16%	-4.55%	2.16%
Uranium (lb) weekly	71.00	-1.39%	-9.73%	-9.73%	-1.39%	-9.73%
Iron Ore (t)	98.58	1.44%	4.33%	4.33%	-5.07%	4.33%

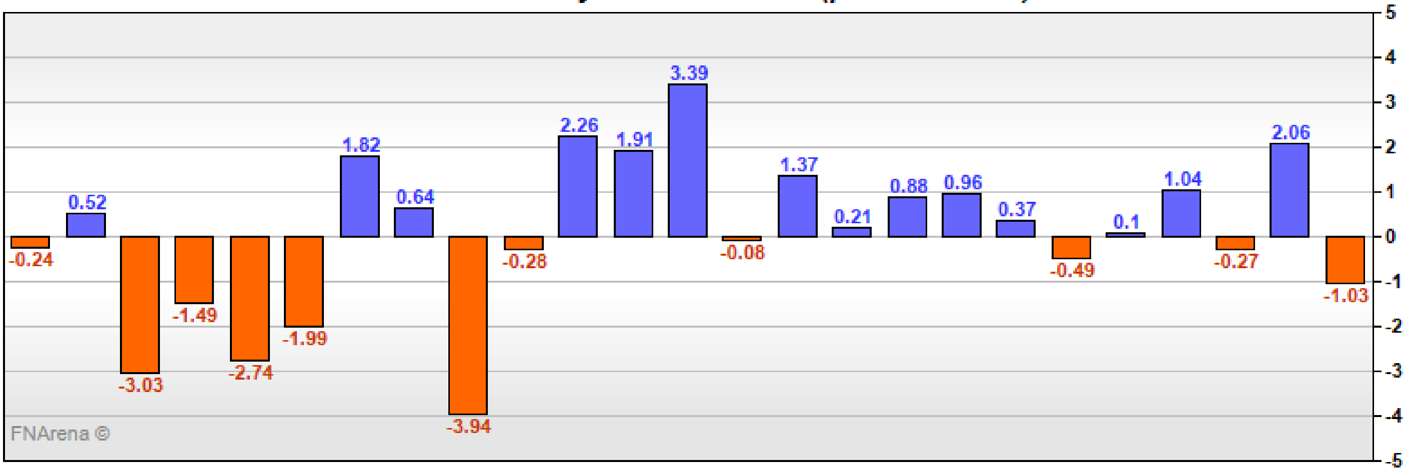
Energy

Index	26 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	66.11	-2.23%	0.90%	0.90%	-4.85%	0.90%
Brent Crude	69.34	-0.40%	3.80%	3.80%	-4.44%	3.80%

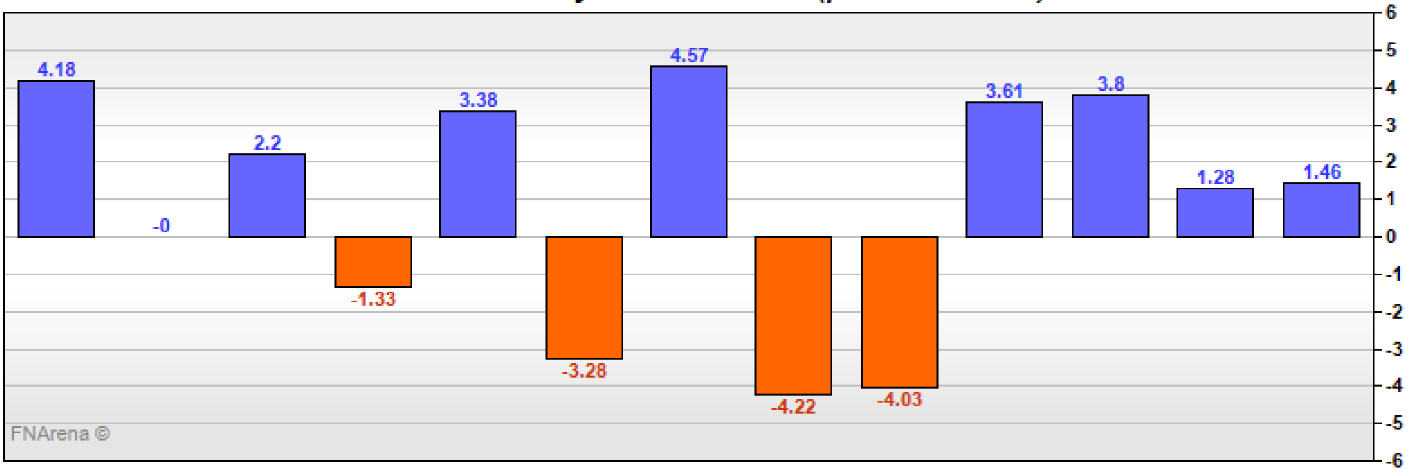
ASX200 Daily Movement in % (past 22 trading sessions)



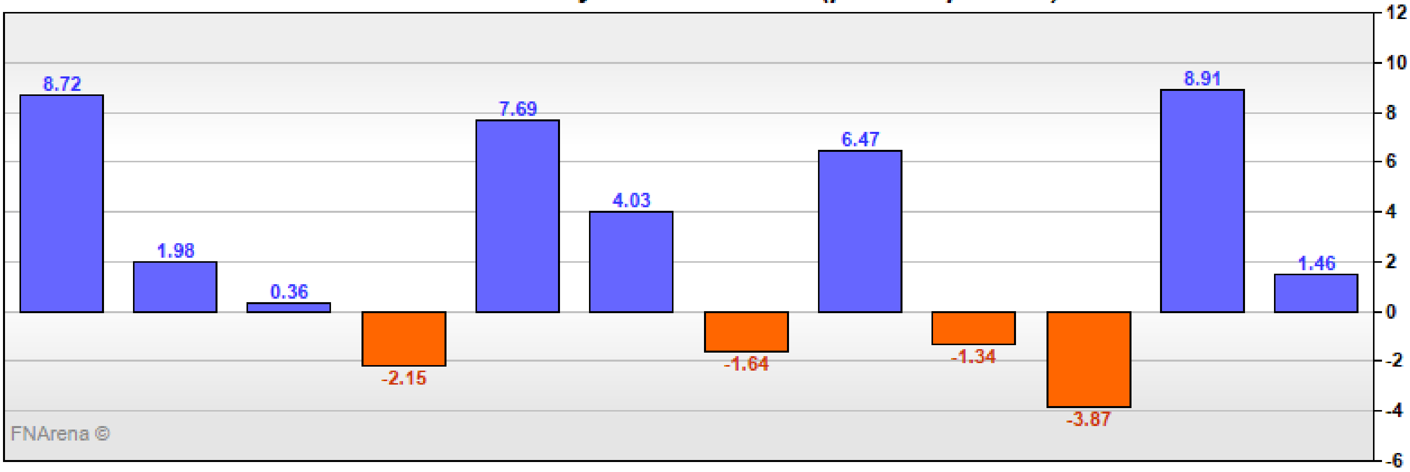
ASX200 Weekly Movement in % (past 25 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



The composition of above rankings and calculations is fully automated, based on raw data. Investors are advised to find context, interpretation and background elsewhere.

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Iron Ore Worries Overshadow Fortescue's FY26

Fortescue's June quarter beat on most metrics and two costly green energy projects have been abandoned, but there is concern over the trajectory of iron ore prices.

-Fortescue's June quarter beats on several fronts
-Arizona and Gladstone hydrogen projects not to proceed
-FY26 production guidance positive
-Concerns linger about lower iron ore prices ahead

By Greg Peel

By Greg Peel

Fortescue ((FMG)) posted an impressive June quarter report, as production, costs and net debt all bettered market expectations by a large margin, while shipments also came in ahead. Shipments and production for both the quarter and FY24 set new records for Australia's number three iron ore miner.

Hematite production of 52.4mt was 5.5% above consensus. Hematite shipments of 52.8mt were 5.6% above. Costs of US$16.3/wmt were -8.4% below consensus, helped by a lower strip ratio (the amount of overburden that must be removed to access a given quantity of ore) of 1.3x compared to previous FY25 guidance of 1.7x, allowing ore mined of 61.5mt, beating consensus by 9.7%.

Looking forward, Macquarie believes Fortescue is taking advantage of current demand for low grade and falling Pilbara grades, hence lowers its strip ratio expectation across the forecast horizon, trimming hematite unit costs by -15% from FY26-30, -10% below consensus.

FY25 net debt of US$1.1bn was well below consensus of US$2.0bn.

The one blip was Iron Bridge, where production of 2mt was 5.2% above consensus and shipments of 2.4mt 22.5% above, but ore of 2.9mt mined fell short by -42.5%.

Too Hard Basket

Fortescue has decided not to proceed with the Arizona Hydrogen Project in the US and PEM50 (photon exchange membrane) Project in Gladstone, another hydrogen project. The second half FY25 will reflect a pre-tax write down -US$150m.

Perversely, to use the broker's own words, Macquarie believes the -US$150m writedown of Fortescue's electrolyser factory and once subsidised hydrogen hub is a step forward. The company now has committed to a more conservative technology- and innovation-based strategy rather than outcompeting low-cost manufacturing businesses (PEM50) or cheaper green energy (Arizona).

Macquarie hopes a more prudent approach to R&D and innovation allows the company to fail fast and fail small in its "noble quest" to decarbonise, focusing on areas for which competitive advantage can grow and economic rents can be captured.

Guidance

FY26 guidance for total shipments of 200mt at the mid-point is in line with consensus, with costs expected at US$18/t -5% below.

Opex and capex combined came in US$150m higher than Morgan Stanley had estimated. Total capital spend of -US$3.95bn is US$200m above consensus, primarily driven by decarbonisation spend of -US$0.9bn-US$1.2bn compared to Morgan Stanley's -US$750m expectation. Energy opex guidance of US$400m is -US$400m lower.

The company also guided to a strip ratio of 1.7x in the short-to-medium term, versus its previous estimate of 2.0x (noting 1.3x was achieved in the June quarter).

On balance, Ord Minnett sees FY26 guidance as positive, with lower unit costs and a forecast for a lower strip ratio, which would drive costs further down, outweighing the increase in capital expenditure guidance.

The company referenced commentary that Beijing was planning to impose output curbs on Chinese steelmakers, but none had been implemented so far. Management also highlighted tight discounts for its typically lower-grade ore versus the 62% iron ore benchmark price (as mined by its major competitors), and solid demand for its ore.

Iron Ore Price Impact

When it comes to broker views and ratings, expectations for where iron ore prices are headed from here are dominant.

Prices hinge on the Chinese economy, which is presently moribund as Beijing fails in its persistent attempts to simulate domestic consumption. The housing downturn continues, and lack of new investment is weighing on steel demand. The announcement of a major new hydroelectric project is positive, but construction is very long-dated.

Beijing has vowed to address overcapacity in Chinses steelmaking, but as Fortescue management noted, nothing has happened yet.

Meanwhile, the end-2025 commencement of production at Rio Tinto's ((RIO)) enormous Simandou mine in Guinea will substantially increase global supply, further pressuring high-grade iron ore prices.

Neither Ord Minnett nor Morgan Stanley seem fazed, maintaining Buy (target $20.00) and Overweight (target $18.60) ratings respectively.

While Citi has lifted its target to $18.40 from $16.00, this broker sees lower iron ore prices in the second half of 2025 and has a short-term downside view. Hence, Neutral retained.

Macquarie is also anticipating lower prices in the second half and had set a Neutral rating. Although Macquarie expects the company to continue its cost-out focus, the recent iron ore price rally has seen Fortescue's share price push through the broker's valuation. Hence, while lifting its target to $16.00 from $15.00, Macquarie downgrades to Underperform.

Other brokers monitored daily by FNArena covering Fortescue have recently been fiddling their iron ore price forecasts but are yet to update on Fortescue's June quarter. Morgans and Bell Potter are sitting on Hold or equivalent ratings.

UBS this morning has responded by downgrading its rating to Sell from Neutral with this broker's outlook dominated by downward pressure on the price of iron ore (forecast) in combination with elevated capex spending. On anticipation of declining returns, Fortescue is UBS's least preferred large cap iron ore miner in Australia, behind (in order of preference) BHP Group ((BHP)) and Rio Tinto ((RIO)). UBS's price target is $16.20.

That leaves two Buy or equivalent, three Holds and two Sell ratings on Fortescue. The consensus target price is $17.51, up from $16.58 prior, but suggesting -4.6% downside from Friday's closing price.

Higher operating costs at Iron Bridge weigh down on Jarden's outlook for the company. Jarden sticks with a Neutral rating and has slightly lowered its price target to $16.25 from $16.49.

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FNArena is proud about its track record and past achievements: Ten Years On

AUSTRALIA

Regal Partners Recovers Performance Fee Mojo

Auguring well for upcoming interim results, Regal Partners has provided a positive quarterly update showing a rebound for funds under management and performance fees.

-Regal Partners' positive June quarter update
-FUM and performance fees rebound
-Management raises normalised profit guidance
-Share price undervalued, suggests Bell Potter

By Mark Woodruff

In a positive update ahead of interim results on August 25, alternatives investment manager Regal Partners ((RPL)) has announced an increase in fee generating funds under management (FUM) during the June quarter.

Bell Potter highlights a rapid rebound for the group in terms of FUM, management fees and the potential for future performance fees, suggesting this is not currently reflected in the Regal Partners share price.

Shares remain below previous highs, and by a wide margin still, even though July thus far is shaping up as a strong month for the shares.

A combination of net client inflows and positive investment performance across a wide range of investment strategies resulted in a 7% increase in FUM on the March quarter.

Management now expects a normalised profit of at least $40m, exceeding the previous consensus forecast of $34.6m.

The increase in FUM came in 9% ahead of Ord Minnett's forecast driven by strong gains in Regal's long-short equity strategy, largely reflecting investment performance.

The company's credit and royalty strategies were also supported by net inflows of fee-earning FUM.

<u>Performance fees have been lagging</u>

Previously in 2025, Regal had encountered setbacks in several key investments, negatively impacting on it achieving performance fees.

Most notably, the company's speculative biotech holding Opthea ((OPT)), held across several Regal funds, suffered from a clinical trial failure.

Regal also held around 15% of luxury e-commerce company Cettire ((CTT)) whose share price fell -76% in the first half of 2025.

As a result, on July 3 management estimated first half 2025 performance fees would be at least $35m, about -40% lower than the prior year.

On the day of this announcement, the share price rallied, perhaps because investors gained clarity and were relieved the outcome was not even more dire.

The bounce may also have reflected investor confidence Regal's issues were temporary and that its base management fees (on growing FUM) remained intact.

Ord Minnett raises its EPS forecasts across 2025-27 by 48.4%, 16.3%, and 10.3%, respectively, following management's increase in performance fee guidance plus a mark-to-market uplift in FUM to reflect current market values.

Morgans explains improving performance fees have largely been underpinned by Regal's global long/short equity strategies, including PM Capital's global equities strategy and the recently launched Regal Global Small Companies Fund.

The Regal Resources Royalties Fund, Regal Private Credit Opportunities Fund and Regal Emerging Companies Fund III also contributed to performance fees along with the partly owned Attunga Capital and Taurus Funds Management businesses.

A short history of Regal Partners

A merger of Regal's strong performance track record in alternative assets with VGI Partners' listed-company structure and established client base was completed in June 2022, renamed as Regal Partners.

Following the union, Phil King (Regal's co-founder) assumed a leading role in the investment team.

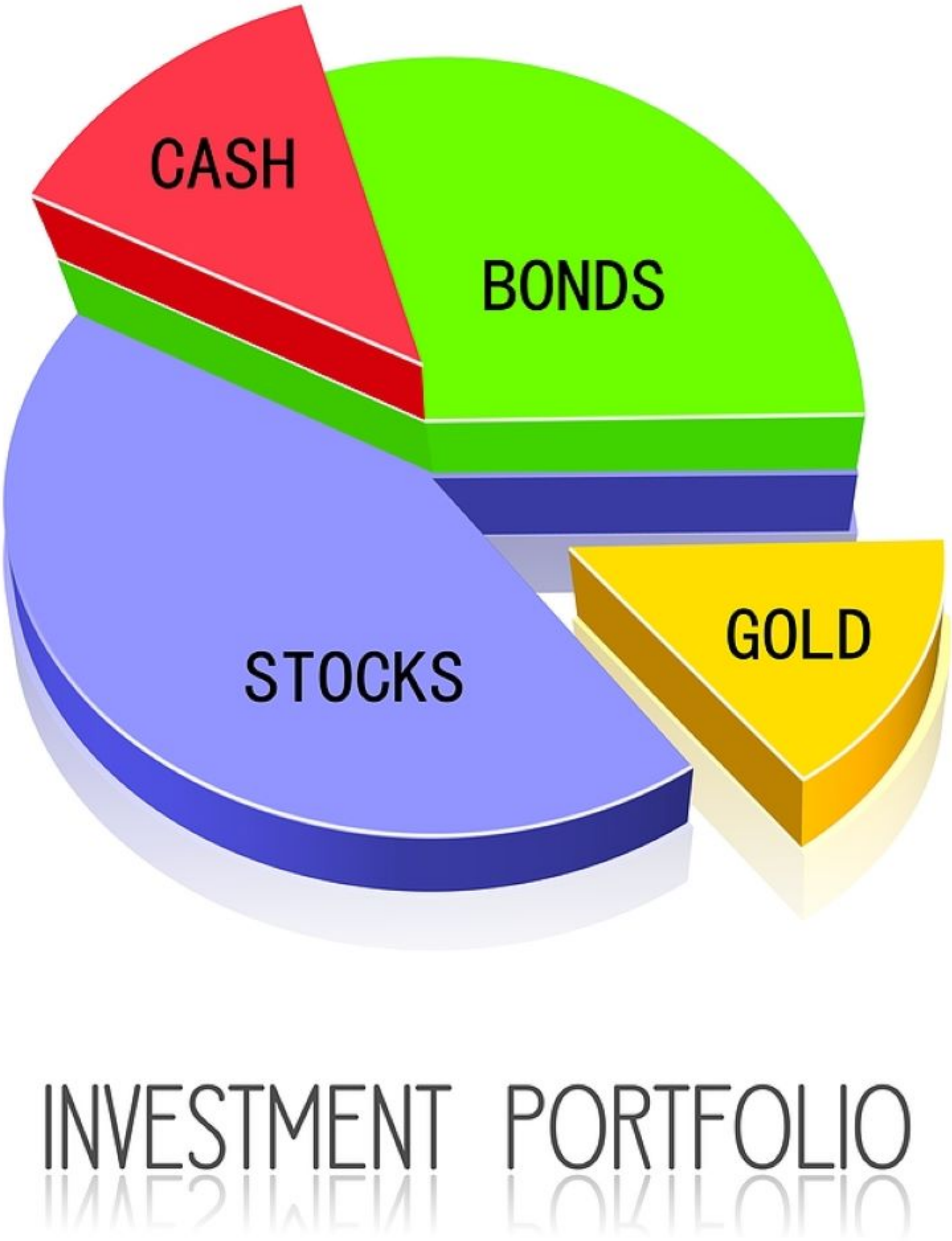
Strong investment performance, fund inflows and acquisitions have led the business to increase FUM five-fold since the merger.

In late 2023, Regal announced the acquisition of PM Capital and a half-stake in Taurus Funds Management, thus doubling Regal's FUM to about $11bn by year's end.

In the second half of 2024, Regal Partners made headlines by bidding for Platinum Asset Management ((PTM)). The deal was later abandoned, allowing management to refocus on organic growth.

All up, Regal Partners now has nine dedicated alternative investment management brands. Those not already mentioned are Merricks Capital, Kilter Rural, Argle Group, and the merged VGI Partners.

The strategies cover long/short equities, private markets, real & natural assets, and credit & royalties on behalf of institutions, family offices, charitable groups, and private investors.



June quarter trading update in more detail

As previously noted, FUM in the June quarter increased by 7.0% to $17.7bn, or by 5.5% to $17.9bn when factoring in additional non-fee-earning commitments.

Management expected first-half normalised profit of at least $40m follows $59m in the first half of FY24, a strong period for performance fees, notes Bell Potter, and $38.6m in the second half of FY24.

Bell Potter updates its forecasts to reflect higher FUM and performance fees, but lowers the assumed average management fee to 115bps from 121bps, given recent gains and inflows into lower-fee strategies.

This follows the company's reported average management fee of 120bps in the second half of FY24.

Outlook

Following the June quarter update, the average target price of three daily monitored brokers (all with Buy ratings) in the FNArena database jumped to $3.70 from $3.48, implying 22.5% upside to the $3.02 closing share price on July 28.

Highlighting a strong balance sheet and capacity to continue growing FUM, Morgans raised its target to $3.55 from $3.30, while also acknowledging the difficulty of accurate forecasting.

This broker lists potential positive catalysts including ASX300 index inclusion, stronger than expected net inflows and/or fund performance (FUM upside) and additional M&A.

Morgans also cautions, that with around 40% of diluted shares held by non-free-float interests, primarily insiders, and Phil King owning approximately 10%, key person risk is a material consideration for investors.

Ord Minnett increased its target to $4.00 from $3.60, while Bell Potter maintained its $3.55 target.

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AUSTRALIA

Lynas' Valuation Key Point Of Contention

Lynas Rare Earths' June quarter record production and impressive realised pricing underscore the growing strategic significance of this leading ex-China producer. But have investors become over-enthusiastic?

-Lynas Rare Earths posts record June quarter production
-Japanese demand drives higher realised prices
-Deals with Malaysia, Korea signed
-Analysts divided about current valuation

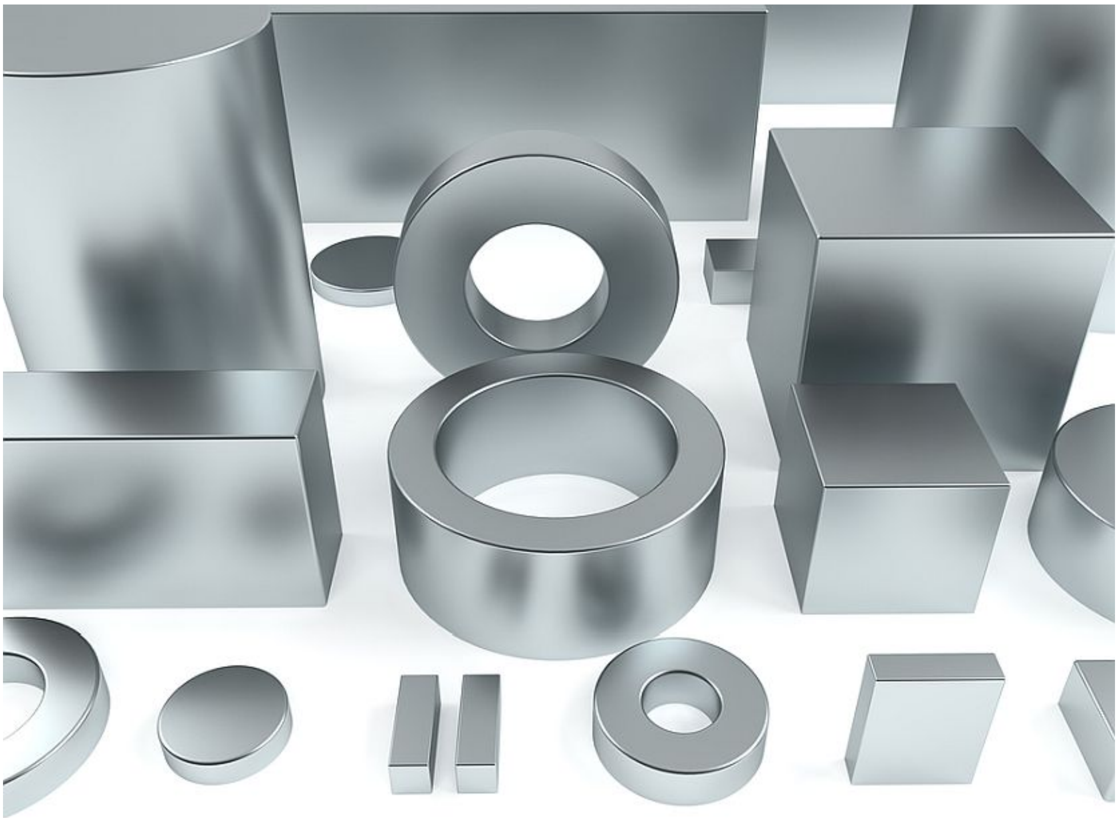
By Greg Peel

Over the weekend, on the nineteenth in Scotland, Donald Trump signed “the biggest trade deal ever” with the EU, reducing the tariff on imports from Europe to 15% from 30%, subsequent to requirements of EU investment in the US which are, at best, vague.

Despite throwing Trump some red meat, It appears unlikely Australia will strike any deals before this Friday when the pause on “reciprocal” tariffs on the rest of the world and penguins expires.

Meanwhile, the big fish for Trump is China – the pause for which expires on August 12. Critical for China in any trade deal is the lifting of restrictions on the import of US semi-conductors required to progress China’s AI aspirations. Critical for the US is the lifting of restrictions of imports of processed rare earth minerals from China (although some concessions were made as part of the pause).

China produces 90% of the world’s processed rare earth minerals. Included in the other 10% is Australia, and most advanced in that industry is Lynas Rare Earths ((LYC)). If Trump ever gets around to meeting with Albanese, Australia’s rare earth and critical mineral production in general is expected to be an ace up Albo’s sleeve.



Record June Quarter

Lynas' June quarter NdPr (neodymium/praseodymium) production of 2080t was a record, Ord Minnett notes, well above the March quarter's 1509t, in addition to the highest received price since July 2022 at $60/kg TREO (total rare earth oxides).

Record production reduced unit costs and allowed a positive cash margin of $16/kg, which was an improvement on the March quarter unit margin of zero. However, the increase in absolute costs of 48% quarter on quarter, driven by a slower than expected ramp-up of the Kalgoorlie processing plant, saw earnings of $30m miss consensus by -35%.

Quarterly production of NdPr exceeded 2kt tonnes for the first time, though it appears the company did not achieve the 10.5ktpa production run-rate in the period as works continued, including process modifications at the Kalgoorlie facility.

Macquarie has now adjusted Its base case to assume under-utilisation of Kalgoorlie as the company focusses on the more cost-efficient LAMP (Lynas Advanced Minerals Plant) facility in Malaysia.

Taking On China

Aside from a record period of production for NdPr, Lynas also achieved the separation of dysprosium and terbium for the first time outside of China in recent history. Rare earths like Dy and Tb are typically found in mixed ore forms, and separation is the complex chemical process of isolating individual rare earth elements from these mixes.

While used in smaller quantities than their light rare earth counterparts, heavy rare earth elements, particularly Dy and Tb, play a critical role in improving the thermal stability and magnetic coercivity of NdFeB (neodymium-iron-boron) magnets.

These properties enable the magnets to maintain their strength even at elevated temperatures, which is vital for applications like electric motors that operate in high-heat environments. Without these heavy rare earths, magnet performance would degrade under thermal stress, compromising the efficiency and durability of advanced systems.

DyTb sales are nonetheless small with respect to volume, and as such Bell Potter does not see these sales as being material to the bottom line at this point. Still, UBS accepts Lynas' view these additional product offerings will open up new opportunities from a marketing perspective (and better realised pricing outcomes).

Returning to the higher-than-expected TREO realised price of $60/kg, the conference call with analysts noted China's export restrictions were met with higher magnet output from Japan which lifted Lynas' sales. New supply chains and pricing agreements are independent of the market index, which is beholden to Chinese pricing.

In May in this year, Lynas announced a memorandum of understanding with the Kelantan State Govt in Malaysia for the supply of mixed rare earth carbonate from the development of ionic clay resources. Little detail has been provided, but management suggested this could provide a potential source of heavy enriched feedstock.

In addition, the company also announced an MoU with Korean company JS Link for the potential development of 3ktpa of NdFeB magnet manufacturing capacity in Malaysia. If this proceeds, it could see Lynas follow the path that US-based MP Materials has taken, Canaccord Genuity suggests. Lynas plans to supply Light/Heavy RE materials to JS Link to support magnet production.

UBS continues to argue we are at the start of the ex-China supply chain story. A recent US Department of Defense deal, while significant, was for 10kt NdFeB versus China's 250-300kt capacity.

While UBS thinks Lynas is similarly positioned versus its peers in being the surprise recipient for direct potential policy support, the broker argues Lynas is uniquely positioned in that it organically benefits from any ex-China magnet support, given it is the only producer of scale capable of delivering near-term volumes into the downstream sector.

Rarefied Air

In 2023, Lynas signed a deal with the Biden administration to develop the Seadrift RE processing facility in Texas. The project's costs have surged due to wastewater management complexities, prompting negotiations with the Trump administration for federal support.

Lynas is seeking a larger subsidy, but Ord Minnett believes the "America First" Trump administration has switched its backing to MP Materials in which it will be the major shareholder, and its interests are not served by building a plant for Lynas. Ord Minnett does not expect the grants will be increased.

Also taken into account the CEO's previous comments, Ord Minnett expects the project will not proceed.

While the potential export to the US of Australian rare earths pre-dates Trump, Trump's trade war with China has only served to place greater focus on Lynas' (and other aspiring Australian producers') capacity to fill the US rare earth void, Australia being (in theory), an ally. A security blanket, if you will. But with such focus comes blind investor enthusiasm.

Ord Minnett continues to consider Lynas' forward earnings forecasts do not justify a $9.5bn market capitalisation, and once the enthusiasm currently focused on REs shifts to another sector, the share price will slide. Ord Minnett thus retains a Sell recommendation.

While Citi sees the development of an ex-China rare earths market as strategically important and potentially supportive of Lynas' average selling price, this broker believes the earnings uplift required to justify the current market valuation will remain challenging, and maintains Sell.

Despite Macquarie's improved production forecast and constructive price outlook, this broker notes Lynas' recent share price performance has exceeded its increased target price. Lynas is trading with a valuation implying NdPr prices of circa US$100/kg, Macquarie estimates, some 50% above spot. Underperform retained.

While Bell Potter likes the business, asset, and team, this broker echoes significant optimism is already priced into the stock, with investors using it as a hedge on US-China relations. Lynas is well poised, Bell Potter suggests, if or when the tides shift for NdPr, with sufficient installed capacity and leverage. For now, Sell.

By contrast, UBS believes Lynas' operational footprint looks markedly more stable with Kalgoorlie effectively de-risked and LAMP's improved standing in Malaysia, an increasingly visible sales outlook with Japan growing and other growth markets taking shape (ie Korea, US, EU, South-East Asia), plus an increasing recognition of Lynas' strategic value as evidenced by the MP Materials-US Department of Defense deal.

UBS retains Buy. A brief update from Morgan Stanley also sees an Overweight rating retained.

That leaves two Buy or equivalent and four Sell ratings among brokers monitored daily by FNArena covering Lynas Rare Earths. The average target price is $8.86, up from $8.04 prior to the June quarter update, suggesting -17.7% downside from the current traded price.

Target prices nevertheless cover a wide range, from $7.65 (Bell Potter) to $12.20 (UBS).

While Canaccord Genuity also sees the stock as challenged from a fundamental valuation standpoint, evidence of improving market conditions/pricing and high multiples being applied to key peers could continue to support the shares. Canaccord lifts its target to $9.65 from $8.80, downgrading to Hold from Buy.

COMMODITIES

Iluka: Rare Earths Upside Emerging

Despite a solid second quarter for Iluka Resources, mineral sands pricing remains uncertain. By contrast, the outlook for rare earths looks promising.

-Iluka Resources' second quarter production beat
-Zircon pricing uncertainty due to US tariffs
-Rare earths boosted by US Department of Defence deal
-Growth prospects via Eneabba and Balranald

By Mark Woodruff

Mineral sands specialist Iluka Resources ((ILU)) reported a strong operational performance in the second quarter to complete the company's first half, with production volumes of zircon, rutile, and synthetic rutile all exceeding consensus expectations.

While zircon and rutile output has already reached around 60% and 70% of 2025 guidance, Macquarie highlights it wasn't a one-way good news story with both sales and revenues missing forecasts by respectively -14% and -7%.

Due to heightened uncertainty surrounding US tariff policy, management opted not to provide zircon sales volume or pricing guidance for the third quarter. Morgan Stanley assumes a price decline of around -US$20 for the second half.

Zircon remains exposed to US tariffs, with approximately 50% of US imports sourced from South Africa.

Additionally, Iluka highlighted ongoing headwinds in welding markets, where lower-priced exports of substandard rutile and leucoxene from China continue to exert downward pressure on pricing.

Corresponding with management's own view, UBS remains tentative around the near-term mineral sands outlook. By contrast, the broker is increasingly positive on the rare earths outlook and the rationale for the Iluka's development of Australia's first fully integrated refinery of separated rare earth oxides at its Eneabba refinery in Western Australia.

Positioning Iluka to become a significant supplier of rare earths, complementing its mineral sands business, the project aims to process monazite to produce separated rare earth oxides.

Detailed earthworks have concluded at Eneabba, noted management at the quarterly update, and concrete works continue, with total capex to date of -$570m.

Currently, Iluka produces zircon, an industrial mineral used in ceramics, and high-grade titanium dioxide feedstocks, natural rutile and synthetic rutile, produced by upgrading ilmenite ($FeTiO_3$) through a series of chemical and thermal processes.

Mining and processing operations are located primarily in South Australia and Western Australia, including the Jacinth-Ambrosia zircon mine in SA and the Cataby mine and synthetic rutile kilns in WA.

The company is also expanding into rare earth elements: it has been stockpiling monazite (a rare-earth-rich mineral) and is developing Australia's first fully integrated rare earths refinery at Eneabba.

As of 2025, products generating the most revenue in descending order are: zircon, including zircon sand and zircon-in-concentrate (ZIC); titanium feedstocks (synthetic rutile and rutile); Ilmenite (mostly sold as a lower-value, bulk titanium feedstock); by-products including monazite and staurolite; and emerging Rare Earths.

Titanium feedstocks like synthetic rutile and rutile contain titanium dioxide (TiO_2) and are used as the primary input for producing titanium dioxide pigments and titanium metal products.

Analysts at Barrenjoey explain June quarter production outperformance was primarily due to a surge in ZIC produced from stockpiles and lower-grade materials from the Jacinth-Ambrosia zircon mine. ZIC refers to zircon as part of heavy mineral concentrate (HMC), which is produced during the mining and initial processing of mineral sands.

Recent transaction by US Department of Defence

Barrenjoey points out stronger NdPr pricing for Eneabba remains the key potential catalyst for Iluka.

Management noted the recently announced agreement between the US Department of Defence (DOD) and US-based MP Materials. This agreement included a price floor of US$110/kg for NdPr products (Barrenjoey's forecast is US$85/kg), acknowledging higher prices for separated rare earth oxides are vital to building a sustainable Western supply chain.

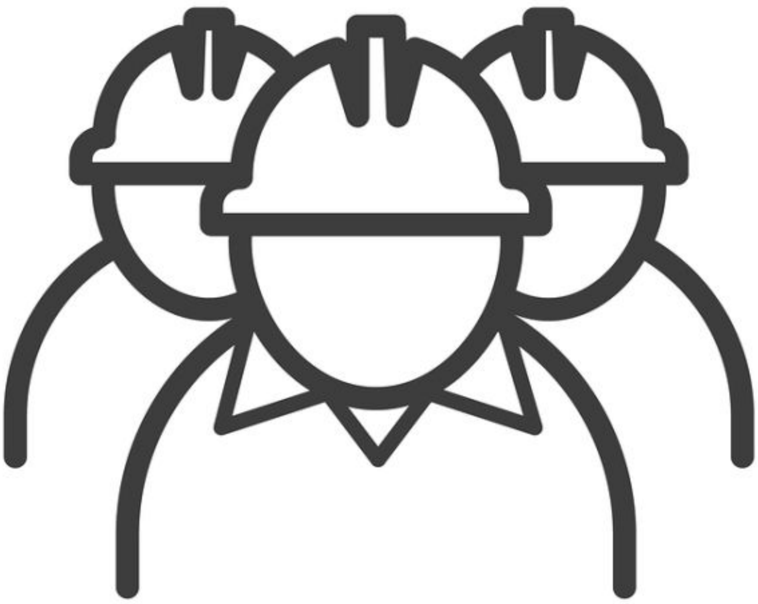
This development supports Iluka's pricing approach, having advocated previously for independent pricing mechanisms not linked to the Asian Metals Index.

Canaccord opines the subsequent investment from Apple for the build-out of US-based neodymium-iron-boron (NdFeB) magnet, combined with the DOD announcement, certainly accentuates the potential value of Iluka's planned entry into rare earths.

Upon commissioning in 2027, Eneabba will be one of few such refineries to exist outside China, capable of processing a range of feedstocks and producing both light and heavy separated rare earth oxides.

Regarding the balance sheet, Citi highlights operating cash flow from Mineral Sands doubled in the period from the second half of 2024 to the first half of 2025, reaching $115m.

Group net debt, including the non-recourse debt associated with the refinery, stood at $502m on June 30.



The June quarter in more detail

Full year production guidance for ZIC was achieved by June 30, resulting in a favourable impact on unit cash costs of production for the half, explains Macquarie.

The analyst considers it prudent to sell a higher proportion of lower-value ZIC into a soft market, as this approach aligns with management's value-over-volume strategy. After producing around 30kt in the current half, accelerating the rundown of this material, the company expects only minimal ZIC production in 2026.

Total revenue of $289m was broadly in line with Citi's forecast and marked a 15% improvement on the March quarter.

While Iluka's mineral sands (zircon, rutile, and synthetic rutile) revenue of $280m exceeded the UBS forecast for $250m, driven largely by the stronger ZIC sales, this broker remains cautious on the market outlook, noting tariff uncertainty continues to hinder buyer restocking and suppress overall demand.

Revenue per tonne of $2109/t missed the consensus forecast by only -0.8% on sales mix. Lower-than-expected prices for zircon and rutile were offset by higher prices for synthetic rutile, explains Morgan Stanley.

Given Mineral Sands' capex rose to -$223m, free cash flow for the segment was -$192m negative, explains the broker, and the Rare Earths refinery also recorded negative free cash flow of -$179m.

The second quarter realised zircon price was down -7% on the March quarter and it's not clear to Citi whether zircon prices have bottomed out.

Disappointingly, sales volume came in -8% below the consensus forecast, reflecting customer shipping schedules for rutile and synthetic rutile, with management guiding shipments to be weighted to the second half.

Barrenjoey explains when lower sales are combined with lower-than-expected average zircon, rutile, and synthetic rutile sales prices, an -8% revenue miss eventuates.

Overall unit costs came in below 2025 guidance as a result of strong production.

Unit production costs of US$1,138/t were -13% lower than market expectations and remain well below 2025 guidance of US$1,370/t.

The first half unit cost of goods sold (COGS) metric of US$1,241 was in line with consensus and below guidance of US$1,330/t.

Balranald

Iluka has several growth projects in progress. Notably, its Balranald development in the Murray Basin of New South Wales is a rutile-rich deposit that, due to its depth, is being mined via a novel remotely operated underground mining technology.

The deposit also contains zircon and meaningful quantities of rare earth minerals.

A definitive feasibility study completed in late 2022 confirmed the project's viability, and Iluka's Board approved a final investment decision in February 2023.

As part of the June quarterly update, management noted construction work is on schedule at the project. Stope development has begun for stope 1, the first stage of the underground mining process.

Mined ore will be processed on site to produce heavy mineral concentrate, which will then be transported to Victoria by road, and further processed at Iluka's facilities in Western Australia.

Balranald is on track for second half 2025 commissioning.

Outlook

Iluka remains Macquarie's top pick in for mineral sands exposures under coverage, with the added bonus of a rare earths project underway.

While Eneabba and Balranald remain on schedule, UBS notes project execution risks persist, particularly at Eneabba, which is still in the early stages of development.

Of the five daily monitored brokers in the FNArena database who research Iluka Resources, two have Buy or equivalent ratings, two are on Hold and Ord Minnett is at Accumulate, in between Buy and Hold in its particular rating system. The latter is yet to refresh its research following the operational update.

The average target of the five increased to $5.62 from $5.43 after the update, implying around 4% upside to the $5.41 closing share price on July 24.

Outside of daily monitoring, Barrenjoey has an Overweight rating and $5.40 target.

Canaccord Genuity lifted its target to $5.85 from $4.40 in reaction to the update and upgraded to Buy from Hold after revising its long-term mineral sands pricing assumptions to align with consensus.

Contributing to the target rise, this broker also de-risked the net present value (NPV) of the Eneabba project, reflecting a more favourable outlook for rare earth element pricing.

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COMMODITIES

Honeymoon Uncertainty Clouds Boss' Outlook

Boss Energy's FY26 guidance raised doubts over Honeymoon's ability to reach nameplate capacity, clouding the outlook and raising valuation concerns.

-Boss Energy’s operational update triggers share price sell-off
-Feasibility study assumptions questioned, given FY26 guidance
-Nameplate capacity concerns for Honeymoon translate into much lower valuations/price targets
-Expert study will commence shortly, but with no end date yet confirmed

By Mark Woodruff

Shares of uranium miner Boss Energy ((BOE)) plunged by -44% on the day of issuing its June quarter update and operational outlook for the 100%-owned Honeymoon mine in South Australia.

Striking a discordant tone given the subsequent market reaction, management was “pleased to provide” FY26 guidance for Honeymoon. Unfortunately, this missed the consensus forecast by -6% and cast doubt over production and sustaining capex due to poor continuity of mineralisation at the east end of the orebody.

The company also walked back enhanced feasibility study (EFS) production assumptions that the market had relied on since 2021.

Leachability issues and higher reagent consumption have now cast doubt over the reliability of management’s 2021 EFS assumptions. In short, management flagged uncertainty around achieving nameplate capacity in FY27 and beyond, based on performance assessments of wellfields B1–B5.

Ord Minnett comments this implies a need for additional wells, driving up sustaining capex and casting doubt over Honeymoon’s ability to achieve its nameplate capacity.

With 2.45mlb/year capacity now in doubt, Macquarie suggests the market is questioning whether new FY26 guidance for 1.6mlbs may represent peak output before declines from the initial high-grade wellfields. It’s also thought mine life assumptions may come under pressure.

As the analysts at Ord Minnett bemoan, an expert study will commence shortly, but with no end date yet confirmed the broker is forced to make guesses for costs and production volumes from FY27.

Even then, all experts may have difficulty assessing how much of the resource has poor continuity until development drilling is complete.

Certainly, the analysts at Morgan Stanley remain cautious. Achieving nameplate capacity and preserving mine life are likely to be negatively correlated, according to this broker, necessitating a revised mine plan and updated project economics.

Boss Energy has two in-situ recovery (ISR) projects in production, Honeymoon in South Australia and a 30% stake in Alta Mesa in Texas, which is operated by US-based enCore Energy.

This week’s update follows last week’s announcement Managing Director and CEO Duncan Craib will transition to Non-Executive Director role effective September 1, with current COO Matt Dusci set to take the helm.

While Craib successfully oversaw the Honeymoon mine’s ramp-up broadly in line with expectations, his departure came as a surprise to Canaccord Genuity.

Positively, the broker noted Dusci has a strong track record, having previously served as acting CEO at IGO Ltd ((IGO)) prior to joining Boss Energy.

<u>June quarter in more detail</u>

The company reported output of 349klb in the June quarter, in line with UBS' expectation for 330klb, implying FY25 production guidance of 850klb was met.

At just 100klb, sales declined -33% quarter-on-quarter and were significantly below UBS's circa 250klb forecast.

The reported sales volume of 100klb at a realised price of US$71/lb equally fell short of Euroz Hartleys' estimate of 300klb at US$75/lb (consensus: 265klb at US$72/lb).

The 'miss' was not unexpected given the extension of the enCore Energy loan repayment to December 2025, announced earlier this month, which involved 100klb priced at US$100/lb. Also, Euroz Hartleys noted spot price softness earlier in the June quarter ahead of the US$200m SPUT bought deal financing on June 20.

At the time, Bell Potter noted the repayment extension and additional US$3.6m cash facility were designed to provide enCore with working capital for the Alta Mesa joint venture. In the event of a default, Boss Energy would have the right to assume control of a 51% interest in the joint venture.

FY26 cost guidance disappointed the analysts at Citi, with cash costs of $41–45/lb and AISC of $64–70/lb materially above the broker's forecasts, driven by an expected decline in average tenor (average uranium grade or concentration). This broker also noted capex is trending higher.

Indeed, forecast capital expenditure of -$56–62m significantly exceeded UBS's estimate of -$25m, raising concerns given the ion-exchange (IX) plant is already well advanced. The IX plant remains a critical asset for processing uranium-bearing solutions extracted from underground operations.

Cash on hand of $36.5m was around -$18m below forecasts by Morgan Stanley and consensus, due to lower sales during the quarter.

<u>Outlook</u>

At face value, Bell Potter considers the share price sell-off to be overdone, though confidence in the company's forward guidance remains low.

By contrast, Morgan Stanley suggests uncertainty will continue to weigh heavily on the stock price, given the absence of a clear timeline for when the experts will begin or complete their review of Honeymoon.

Citi reverts to a 100% discounted cash flow (DCF)-based valuation and removes its 20% net asset value (NAV) premium due to increased execution risk, resulting in a new target of $2.70, down from $4.60.

Despite this reset, Citi maintains a Buy rating, citing the sharp share price correction and ongoing high conviction in the structural bull case for uranium.

All seven daily monitored brokers in the FNArena database have maintained their ratings for Boss Energy --three Buys; two Holds; and a Sell (or equivalent)--- but the average target price has fallen to $2.57 from $3.97.

This average target implies around 36% upside to the $1.89 share price at the time of writing this morning (shares are trading up 5%).

Outside of daily coverage, Canaccord Genuity has a Speculative Buy rating and $3.50 target while Euroz Hartleys has placed its ratings and target (Buy; $5.10) under review.

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COMMODITIES

Execution Remains Key For Mineral Resources

While Mineral Resources performed strongly operationally in the fourth quarter, not everyone is comfortable with its debt and the outlook for commodity prices.

-Mineral Resources' strong fourth quarter across all segments
-Production outperformance, strong cashflows at Wodgina and Onslow
-Onslow progressing toward nameplate capacity
-Improving balance sheet, but sensitivity to commodity prices remains

By Mark Woodruff

Diversified mining and mining services company Mineral Resources' ((MIN)) released a strong June quarterly performance across all operating segments, signaling operational recovery after a challenging year and winning almost universal praise from analysts, but it hasn't quelled completely lingering concerns about its elevated debt and capacity to stay out of troubles.

Production volumes were largely ahead of consensus forecasts and revised FY25 guidance was achieved.

Morgan Stanley adds the lithium performance was particularly strong, resulting from a standout performance at the Wodgina lithium operations in the Pilbara region of Western Australia though Jarden counters price realisations were weak.

Wodgina delivered a record low FOB cost for spodumene concentrate of $641/dmt, supported by ongoing cost reduction efforts and improved recoveries, stated management.

Ord Minnett describes the achievement of FY25 cost guidance at both the Mt Marion and Wodgina lithium projects, following a particularly difficult first half, as an impressive outcome.

Importantly, Onslow (iron ore) is on track to achieving nameplate capacity, one of the prerequisites to trigger receipt of a material contingent payment.

Cashflows at both Wodgina and Onslow beat expectations largely due to these better cost performances, highlights RBC Capital, and FY25 net-debt was lower than expected on lower capex/operating cash flows.

Mining Services volumes also came in ahead of the consensus expectation.

This strong operating momentum to finish FY25 leads Morgan Stanley to upgrade its FY26 forecasts, mainly for lithium.

In contrast, Jarden sees nothing in the quarterly result or subsequent management call to shift its high conviction Sell rating, citing the absence of forecast free cash flow to meaningfully address the company's stretched balance sheet.

While leverage levels have been a key investor concern, Morgan Stanley sees leverage metrics improving as Onslow ramps, with deleveraging options available through further asset sales, if required.

Liquidity remains strong, according to management, at over $1.1bn, with the ratio for net debt to earnings (EBITDA) continuing to fall.

RBC Capital suggest the strategic focus over the next 24 months is clear: strengthen the balance sheet, scale back capex, ramp up Onslow, and maximise cash generation from operating assets.

Certainly, the analysts at Barrenjoey (which whitelabels research for Ord Minnett) believe management will be able to further de-risk its assets profiles in iron ore and lithium and demonstrate improved corporate governance.

Increasing disclosure and actions taken to simplify the business and improve capital allocation have improved the company's investment proposition, on Macquarie's assessment.

The balance sheet remains highly sensitive to movements in iron ore and lithium prices, both of which have recently rallied, but this broker maintains a cautious stance on the iron ore outlook.

Macquarie maintains upcoming supply growth from Simandou is set to meet a stagnant demand environment for iron ore over FY26-28.

Operations and performance

Iron ore remains the largest business segment. Only about 12% of FY25 revenue was derived from lithium with iron ore accounting for the majority of the remainder (roughly half of total revenue).

The company operates large-scale iron ore mines in Western Australia across multiple hubs.

The Onslow project in the West Pilbara was developed through a joint venture with several steelmakers.

Operations are cash flow positive and progressing toward 35mtpa nameplate capacity, having achieved an annualised run-rate of 32.4mtpa in June.

The project features integrated mine-to-port infrastructure, including a dedicated 150km haul road and a transshipment port with custom 20,000-tonne barges. The completion of Onslow's haul road upgrade remains on target for the first quarter of FY26.

In addition to Onslow, the company's established Pilbara hub shipped around 9.7mt in FY25.

Fourth quarter equity shipments of 5.84mt for iron ore were strong, suggests Morgans, coming in 7% above this broker's forecast and 4% above consensus.

Regarding lithium, here Mineral Resources also operates two major hard-rock lithium mines in WA which produce spodumene concentrate.

The Mt Marion mine (Goldfields region) and Wodgina mine are each 50:50 joint ventures with partners Ganfeng and Albemarle, respectively.

Each site has an on-site concentrator plant, with capacity of 600,000tpa at Mt Marion and 900,000tpa at Wodgina. In FY25, Mt Marion shipped circa 203,000dmt and Wodgina around 214,000dmt of spodumene concentrate.

Destined for export markets, production is trucked to port in Esperance for Mt Marion and Port Hedland for Wodgina.

Equity shipments for the fourth quarter of 135kt also exceeded expectations, beating Morgans' and consensus estimates by 6% and 4%, respectively.

FY25 shipments for both iron ore and lithium met guidance.

Mineral Resources has two other segments, namely Mining Services and Energy.

The company owns and operates a contract mining services business which undertakes work both internally (at its own mines) and for third-party clients.

This business provides earnings resilience, generating strong cash flows even in a low commodity price scenario, explain the analysts at Morgan Stanley.

Fourth quarter volume for Mining Services of 83mt exceeded Morgans' and consensus forecasts by 15% and 9%, respectively, bringing FY25 volumes to 280mt, in line with the lower end of guidance.

The outperformance relative to consensus was primarily driven by the ramp-up at Onslow and stronger external volumes, explains the broker.

Mineral Resources also has an Energy segment (joint venture interests) focused on natural gas exploration and development in the onshore Perth Basin and Carnarvon Basin of Western Australia.

Gas assets include Lockyer Deep, North Erregulla, and Waitsia Stage 2 (non-operated interest).

Here, Mineral Resources is aiming to secure low-cost gas supply to reduce energy costs at its own operations, and potentially supply into the WA domestic gas market.

Debt

Morgan Stanley notes FY25 net debt of approximately $5.35bn came in below the consensus forecast, supported by a favourable circa $200m currency revaluation gain due to quarter-end exchange rate treatment.

Liquidity remains solid at over $1.1bn and the broker expects the net debt to EBITDA metric to decline to 3.2 times in FY26 and 2.5 times in FY27, down from around 6.2 times (as expected by management for the end of FY25), driven by the ramp-up at Onslow and strong margin contributions from the Mining Services segment.

The analyst at Morgans is currently comfortable with the company's cash position and ability to refinance its first senior secured bonds due in 2027.

Iron ore volumes, costs and pricing

Onslow iron ore shipments rose 59% quarter-on-quarter to 5.76mt, matching Jarden's forecast (consensus: 5.55mt), while unit costs of around $57/wmt FOB (including the haul road toll) came in slightly below this broker's $60/wmt estimate.

Iron ore price realisations disappointed, averaging around 80% across both Onslow and Utah Point. The achieved price of US$79/dmt represented only around 80% of the Platts 62% IODEX, falling short of Jarden's expected 83%.

Pleasingly, Onslow generated positive cash flow during the June quarter, enabling repayment of approximately $23m on the carry loan owed by Mineral Resources to its joint venture partners.

Initial FY26 guidance included Onslow shipment volumes broadly in line with Jarden's expectations, alongside capital expenditure of around -$1.15bn (inclusive of approximately -$150m in asset financing).

Full guidance is expected with the FY25 results in August.

Morgans identifies one key near-term catalyst as achieving nameplate capacity at Onslow by the first quarter of FY26.

Equally important is maintaining that haul rate for at least one quarter during FY26, which would unlock the remaining $200m contingent payment from Morgan Stanley Infrastructure Partners (MSIP) tied to the haul road transaction.

As part of the September 2024 deal to sell a 49% stake in the haul road, MSIP agreed to a total consideration of $1.3bn, comprising an upfront cash payment of approximately $1.1bn and a deferred $200m component.

The final $200m is contingent on the Onslow haul road sustaining a haulage rate consistent with 35mtpa of iron ore transported over the asset.

Outlook

Ord Minnett states the marked improvement in Mineral Resources' operational performance has reinforced its confidence in the quality and resilience of the company's asset portfolio.

Morgans also maintains a positive operational outlook as the company demonstrates improving execution across its core assets.

Unmoved, Jarden maintains its Sell rating, citing limited valuation support and elevated balance sheet leverage.

Jarden analysts note the key risk to their view are stronger-than-expected iron ore prices, which could be underpinned by sustained Chinese steel production or a significant supply-side disruption.

Macquarie raises its target price to $29 from $22 on improved lithium costs and truncating Pilbara Hub losses, but downgrades to Underperform from Neutral on valuation.

Following fourth quarter results, the average target of six daily monitored brokers in the FNArena database increased to $31.00 from $27.07, implying just over 8% upside to the latest $28.59 share price this Friday morning.

Two of the six brokers have Buy (or equivalent) ratings and four are on Hold.

Outside of daily coverage, Jarden has a Sell rating with a $16.20 target, while RBC Capital (target $38.00) is a Buy-equivalent.

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INTERNATIONAL

The AI Productivity Boom No One Is Talking About

The AI productivity revolution is already underway, but investors who focus on capturing the investment potential solely through tech companies and infrastructure providers may miss the bigger opportunity.

Jonathan Curtis, Chief Investment Officer, Portfolio Manager Franklin Equity Group, argues the market continues to significantly misprice generative AI's potential value creation, particularly outside of the tech sector.

Report is part of FNArena's dedicated focus on GenAi, the fourth industrial revolution: https://fnarena.com/index.php/tag/gen-ai/

Key takeaways

-Investors who focus on capturing artificial intelligence's (AI's) investment potential solely through tech companies and infrastructure providers may miss the bigger opportunity.

-The AI productivity revolution is already underway—forward-thinking companies in sectors across the economy are harnessing AI to expand profit margins and drive revenue growth.

-We believe the market continues to significantly misprice generative AI's potential value creation, particularly outside of the tech sector.

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By Jonathan Curtis, Chief Investment Officer, Portfolio Manager Franklin Equity Group

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Why AI's biggest investment opportunity is not in tech

Remember when everyone thought the internet was just for email? Some investors in gen AI might just be making the same mistake.

Wall Street is obsessed with who's selling AI—semiconductor companies, copilots, chat bots— and with good reason. These companies are creating AI's infrastructure and building the foundation on which the Intelligence Age will stand.

But we think they're missing the real story: AI isn't just something tech companies sell. It's something every company will use to become more productive, generate new sources of revenue and grow earnings faster.

When personal computers (PCs) arrived in the 1980s, smart investors didn't just bet on IBM, Microsoft and Intel. The real long-term winners were companies that used computers to digitally transform their businesses—banks that automated transactions, retailers that revolutionized inventory management and manufacturers that streamlined operations.

We believe the same thing is happening now with the application of AI, but many times faster.

Spoiler alert: AI is already everywhere

ChatGPT hit 100 million users two months after being released in the fall of 2022. It took PCs 15 years to reach that many people. The adoption of AI isn't gradual change—it's an explosion.

AI is already driving massive productivity inside many companies:

-Software developers write code more than 25% faster using AI assistants[1]
-Banks process loans in 10 days instead of 45[2]
-Customer service reps handle 35% more calls[3]
-Salespeople find 35% more qualified leads[4]

And in our view, the real gen AI revolution is just getting started.

AI inside tech: Revenue and expense leverage

Tech companies have a secret advantage: they're using AI to build better AI.

The world's largest developer of office productivity tools uses AI to improve its productivity suite. That AI makes their developers more productive. Those developers build better AI tools.

Those tools make productivity even better. Round and round it goes, with productivity compounding like interest in your savings account—except the rate is much faster than 4%.

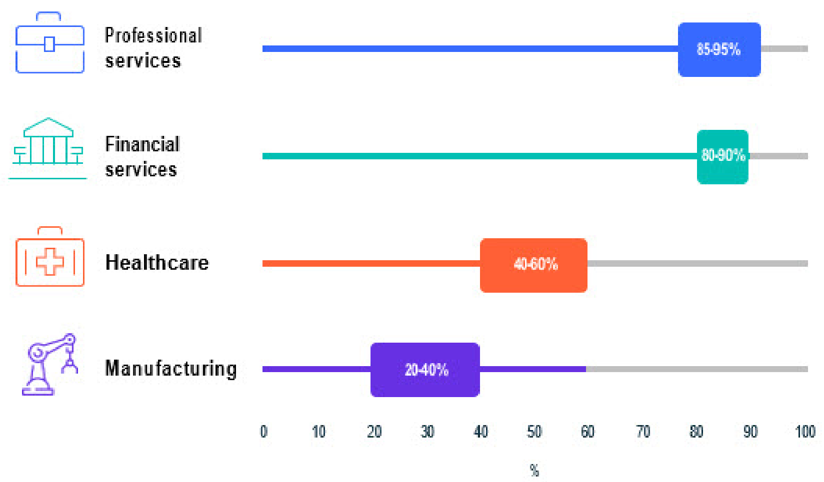
AI beyond tech: the S&P 493's hidden superpower

Here's what really makes me excited:

The last few years have seen intense focus on the Magnificent Seven,[5] and rightly so. But let's look beyond this small group of mega caps to the rest of the S&P 500—the S&P 493.

What portion of their employees are knowledge workers—people who think for a living, process data for a living and manipulate documents for a living?

Exhibit 1: Estimated AI-driven efficiency gains of knowledge workers in selected industries



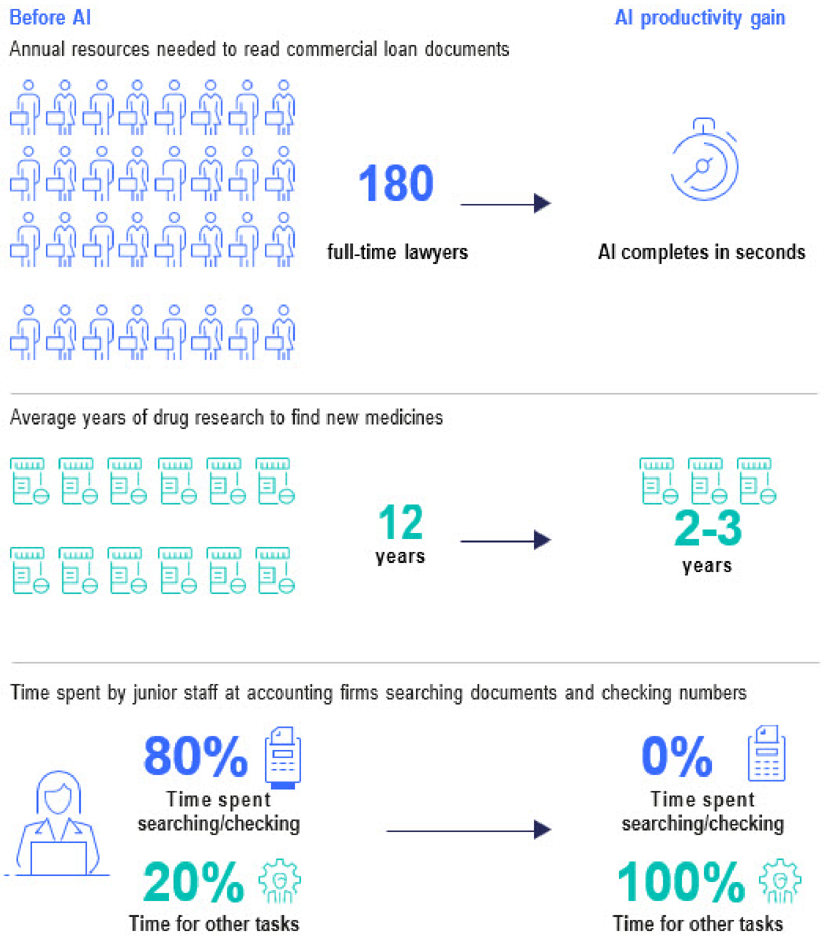
Real world examples that will blow your mind

One of the world's largest banks is using AI to read commercial loan documents in seconds. Previously, lawyers spent 360,000 hours per year on this. That's 180 people working full-time, now replaced by software that never sleeps.[6]

Drug companies are using AI to find new medicines in 2-3 years instead of 12. Imagine the profit margins when you cut a decade from your development cycle.[7]

Accounting firms have junior staff who spend 80% of their time searching documents and checking numbers. AI can do this instantly. Those juniors can now do real analysis—or the firm needs fewer of them. Either way, profits will likely rise.[8]

Exhibit 2: Examples of knowledge worker AI-productivity gains



AI productivity: a massive investment opportunity hiding in plain sight?

In our view, the stock market is still pricing the equal-weighted S&P 500 like it's 2017. AI has the potential to transform productivity and efficiency levels of companies across virtually every sector. We expect this to create a fundamentally different playbook for valuations.

When a company can do significantly more work with the same number of people, one of two things can happen:

1. Revenue grows significantly faster without adding costs (profit growth).
2. It cuts staff significantly and pockets the savings (margin expansion).

Most companies will likely do both. The math is staggering.

The J-curve: AI's potential to unlock profitability

Right now, companies are spending money experimenting on AI—buying tools, training people and reorganizing workflows. This temporarily hurts profits. It's like renovating your kitchen while trying to cook dinner. Messy.

But once the renovation is done? You can cook faster, better and cheaper meals every night.

We're in the messy phase. We believe that in the next few years, we'll see today's AI infrastructure investments translate into broad-based productivity gains.

For example, a smart, forward-thinking company currently trading at 18x earnings today could potentially trade much higher because it will be running AI compounding productivity algorithms that enable the company to grow faster with higher margins than most investors expect.

Your investment playbook: Be selective across the Magnificent Seven and the S&P 493

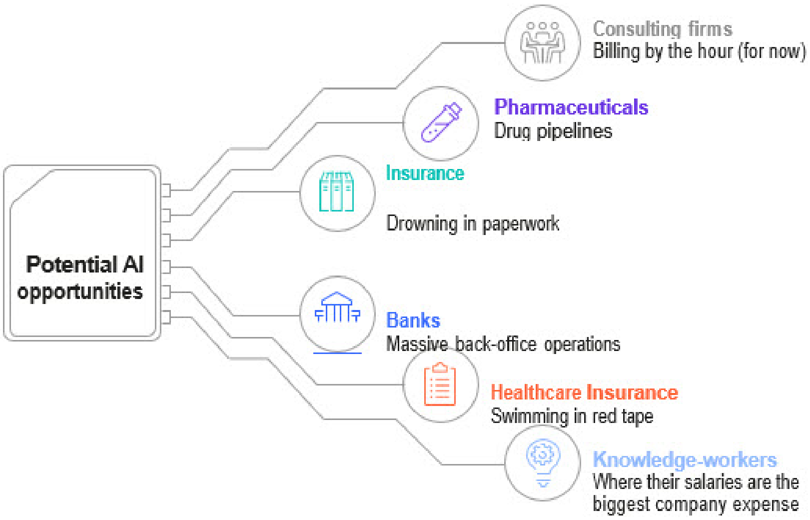
We believe growth investors should continue to have exposure to the highest-quality companies selling AI services and AI-powering infrastructure. Most analysts agree that there is a big revenue opportunity brewing here.

That said, we don't think investors are fully accounting for the leverage these businesses will likely enjoy from using the AI they are building to operate more efficiently.

We also believe there is a significant opportunity in forward-leaning S&P 493 companies that use AI brilliantly.

AI opportunities

Exhibit 3: Examples of businesses across the economy that can benefit from AI-driven productivity gains



The bottom line

In 1995, if you bought the PC leaders, you did well as an investor. But if you bought the smartest companies that built competitive advantage by digitizing their business early using the PC? You probably got rich.

We believe today's AI moment is bigger. It's faster. And it's hiding in plain sight.

The market sees AI as a tech story. Smart investors see it as an everything story. While others bid up the obvious AI plays, we think you can buy future AI winners at yesterday's prices. The gap between current valuations and AI-powered earnings potential is significant, in our analysis. In five years, people will wonder how anyone missed it.

The only question is: Will you see it before everyone else does?

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Endnotes

1. Source: “AI now writes over 25% of code at Google” PC Mag. October 30, 2024.
2. Source: “From weeks to days: AI powered precision in load automation” Intelligence Automation. November 8, 2024.
3. Source: “How AI will become a superpower for customer service reps” Cognizant. September 3, 2024.
4. Source: “How to use AI for lead Generation.” Tidio. June 3, 2025.
5. The Magnificent Seven is Apple, Tesla, Amazon, NVIDIA, Alphabet, Meta and Microsoft.
6. Source: “An AI Completed 360,000 Hours of Finance Work in Just Seconds.” Futurism. March 8, 2017.
7. Source: “Why AI Driven Drug Findy is Revolutionizing Medicine.” Lifebit.
8. Source: “Reality Check: Still Spending More Time Gathering Instead of Analyzing.” Forbes. December 2019.

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What are the risks?

All investments involve risks, including possible loss of principal.

Equity securities are subject to price fluctuation and possible loss of principal.

Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks.

Investment strategies which incorporate the identification of thematic investment opportunities, and their performance, may be negatively impacted if the investment manager does not correctly identify such opportunities or if the theme develops in an unexpected manner. Focusing investments in the health care, information technology (IT) and/or technology-related industries carries much greater risks of adverse developments and price movements in such industries than a strategy that invests in a wider variety of industries.

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RUDI'S VIEWS

Rudi's View: Taking Stock Ahead Of August

In this week's Weekly Insights:

-A warning from Longview Economics
-Some sage advice from Franklin Equity Group
-Taking Stock Ahead Of August

By Rudi Filapek-Vandyck, Editor

A warning from Chris Watling, Global Economist & Chief Market Strategist, Longview Economics:

"Signs of froth continue to build in global financial markets (especially in the US).

"As has been widely reported, this has been one of the fastest recoveries by the US stock market from a major drawdown. From the April 8th closing lows, it took 54 trading days to recover the 19% loss during the pullback (i.e. based on closing prices). By way of comparison, post the March 2020 COVID sell-off it took 107 trading days from the March 23rd lows to reclaim the highs (from Feb 2020).

"As that froth has emerged, our SELL-off indicator has continued to build to higher levels. As of yesterdays close it had reached +36 (an unusually high level for this model). At +20, it warns of a high likelihood of a pullback (and signals that global markets are becoming overly exuberant)."

Some sage advice from Jonathan Curtis, Chief Investment Officer Portfolio Manager Franklin Equity Group:

"The market sees AI as a tech story. Smart investors see it as an everything story."

"In 1995, if you bought the PC leaders, you did well as an investor. But if you bought the smartest companies that built competitive advantage by digitizing their business early using the PC? You probably got rich.

"We believe today's AI moment is bigger. It's faster. And it's hiding in plain sight."

Taking Stock Ahead Of August

At face value, the local share market hasn't paid much attention to corporate earnings over the three years past.

As also highlighted last week, corporate earnings in Australia have steadfastly fallen some -18% from their all-time record high achieved in FY22, but three consecutive years of net negative growth have not withheld the ASX200 from returning a net positive 21% over the period.

Net negative earnings in combination with rising share prices can only mean the average valuation has risen markedly, and this remains a sticky point for strategists and market commentators.

Trading on 19x-20x times next financial year's EPS forecast (forward-looking), and with the RBA hesitant to inject further stimulus into the domestic economy, it seems a lot is riding on positive surprises during the upcoming August results season.

<u>All is not what it seems</u>

While the need for positive market updates probably remains true, things look a lot less 'bubbly' underneath the surface.

For starters, resources (mining and energy) have not enjoyed the best of times throughout the period, and I am probably too polite about it. Resources have weighed down on the average EPS achievement.

While BHP Group ((BHP)) is forecast to deliver a net positive EPS growth contribution for FY25, many others including Rio Tinto ((RIO)), Fortescue ((FMG)) and Woodside Energy ((WDS)) are not.

A second important consideration involves the local banks whose notable re-rating has taken place against minuscule growth achievements only, with CommBank ((CBA)) in the unassailable lead. Given this is by far the most important index weight for the local bourse, the outsized impact on the average PE ratio needs no further explanation.

Look beyond CBA and BHP --the two largest index influencers-- and their brethren and growth prospects look a lot less negative, with the correlation between share prices and growth in EPS and dividends a lot closer.

Within this context it's probably worth highlighting the **local healthcare sector** continues to exhibit some of the strongest growth prospects, leading strategists at Macquarie to suggest money flowing out of the banks will not necessarily find a home among resources with healthcare offering a better looking proposition.

UBS strategists have been making that point for several weeks already.

Dual-listed ResMed ((RMD)) will be the first healthcare company to release Q4 financials this Friday. Its shares are up some 8.5% in less than two weeks ahead of what analysts anticipate should be yet another strong performance.

Shares in CSL ((CSL)) are up by some 12.5%, also helped by reduced threats from US import tariffs on European pharmaceuticals.

Currently, market consensus is only anticipating some 5% EPS growth for corporate Australia next year and, yet again, banks and resources sit below that number. History also suggests EPS growth forecasts tend to weaken as the financial year matures, as has happened throughout FY25 and the years before it.

One big question mark revolves around consumer spending, another one relates to the Australian property market.

In both cases analysts are counting on better times ahead, but with the RBA preferring to walk a cautious pathway to further easing, will August prove too soon to see corporate green shoots and CEO optimism colour next year's outlook?

<u>Momentum ahead of August</u>

The above are definitely the key ingredients that make up the debates raging among investors in Australia, together with Trump's tariff impacts, prospects for AI and data centres, and Chinese stimulus.

To minimise the risk for major disappointment in August, **Macquarie** suggests investors focus on companies currently enjoying **positive outlook revisions**, which can be read as a leading indicator for ongoing positive share price momentum.

Macquarie has identified the following inside the ASX100:

-Challenger ((CGF))
-Hub24 ((HUB))
-Pinnacle Investment Management ((PNI))
-Metcash ((MTS))
-Telstra ((TLS))
-Ramsay Health Care ((RHC))
-ResMed
-Sonic Healthcare ((SHL))
-Qantas Airways ((QAN))
-Sandfire Resources ((SFR))
-Woodside Energy

Among smaller cap companies:

-Amplitude Energy ((AEL))
-Australian Finance Group ((AFG))
-Spark New Zealand ((SPK))
-McMillan Shakespeare ((MMS))
-Monadelphous Group ((MND))
-Perenti ((PRN))
-Ventia Services ((VNT))

Companies that have been singled out because of the **negative trend in analysts' forecasts** include Treasury Wine Estates ((TWE)), REA Group ((REA)) and Reece ((REH)) among large caps, and Domino's Pizza ((DMP)), G8 Education ((GEM)), Audinate Group ((AD8)) and Healius ((HLS)) among smaller caps.

Contractors and services providers

The inclusion of three contractors and services providers in Macquarie's small cap selection for positive earnings momentum aligns with analysts elsewhere that have identified this particular sector for strong momentum and potential for upside surprises.

UBS repeated that view on Monday, highlighting the sector in Australia looks poised for resilient growth with double digits expected in August (FY25) and for FY26. This broker identified Worley ((WOR)), SGH Ltd ((SGH)), ALS Ltd ((ALQ)) and Cleanaway Waste Management ((CWY)) as its Key Picks.

Sector analysts at **Macquarie** earlier reiterated their Outperform (Buy-equivalent) ratings for Ventia Services, Service Stream ((SSM)), Monadelphous, Perenti, Maas Group ((MGH)), and Worley.

Jarden analysts have a Buy rating for Symal Group ((SYL)) and Overweight ratings (one notch below Buy) for Emeco Holdings ((EHL)), Monadelphous and NRW Holdings ((NWH)).

Sticking with the smaller cap theme, analysts at **RBC Capital** nominated Temple & Webster ((TPW)), SiteMinder ((SDR)) and Hub24 ((HUB)) as their Top Picks among small cap industrials on the ASX.

Regular readers of our daily Australian Broker Call Report will have noticed, **Citi** analysts hold an above-average conviction on EVT Ltd ((EVT)) - and they cannot believe the market's hesitance to jump on the opportunity.

Stockbroker **Morgans** sees plenty of opportunity among smaller caps that, as a group, have lagged the broader market led by large caps over the past number of years. Morgans sees stronger growth potential (double the growth on offer from large caps) priced on average at a relative -10% discount.

Morgans is in particular positively biased towards Corporate Travel ((CTD)), PWR Holdings ((PWH)), Qualitas ((QAL)), Suncorp Group ((SUN)), and Superloop ((SLC)), and has a negative anticipation for upcoming result releases from Ramsay Health Care and Super Retail ((SUL)).

Stocks selected as preferred exposures include CSL ((CSL)), Light & Wonder ((LNW)), Megaport ((MP1)), Pinnacle Investment Management, Qualitas, ResMed, and WiseTech Global ((WTC)).

The outlook for FY26

Market strategists at **Wilsons** agree with the general assessment that, after stripping out banks and resources, the Australian share market looks a lot less 'bubbly' and growth-constrained, and instead seems to offer plenty of opportunities.

On Wilsons' adjusted assessment the median ASX-listed stock is only trading "a touch" above five- and 10-year averages while expected to grow at 6% in FY25, followed by 12% in FY26.

As per local tradition, forecasts for FY26 will probably weaken as corporate results provide updated insights, but all in all Wilsons strategists are willing to stick with a generally positive outlook.

Peers at **Macquarie** are prepared to take it one step further: they predict an upgrade cycle for local forecasts as FY26 takes shape and economic momentum turns.

Neither of these views negate the fact that August, once again, might prove tricky to navigate for investors as earnings momentum early in the new financial year might not have picked up yet while FY25 hasn't exactly been flash for a sizeable group of companies.

See also the share price shellacking on Monday following uranium miner Boss Energy's ((BOE)) market update.

Macquarie's seasonality analysis suggests **August usually marks the peak in downgrades for EPS forecasts**. Thus far, downgrades have marked the first six months (H2 of FY25).

On Thursday last week firm punishment was reserved for small cap underwear retailer Step One Clothing ((STP)).

These pre-season disappointments do not hide the fact there has been no deluge in corporate profit warnings, as had been forecast by some, despite global tariff uncertainty and a more hawkish than anticipated RBA.

One of the extra features in the upcoming results season is that of a weaker trend for the US dollar. This is not unimportant given most of strong growing businesses listed on the ASX are international market leaders with a sizeable presence in the US, where tariffs are yet another feature to take into account.

Macquarie is anticipating cautious outlooks and guidance statements from companies still surrounded by plenty of question marks and uncertainties. This too could become a source of added share price volatility on the day of result releases.

REITs in focus

One sector that will be equally in focus next month are the real estate investment trusts, REITs.

The cycle for bond yields and central bank policy has turned for the better and the sector is expected to benefit through much improved operational cashflows and growth prospects ahead.

Here the challenge consists of not getting trapped in share prices that might have run too hard already, at least for the time being. **Macquarie's** sector analysts are expecting upside surprises from the likes of Ingenia Communities ((INA)), Goodman Group ((GMG)), National Storage ((NSR)) and Scentre Group ((SCG)).

Peers at **UBS** see the best prospects outside of the usual large cap favourites, nominating Arena REIT ((ARF)), Centuria Industrial REIT ((CIP)), Charter Hall Long WALE REIT ((CLW)), Centuria Capital Group ((CNI)), Centuria Office REIT ((COF)), HomeCo Daily Needs REIT ((HDN)), National Storage, and Rural Funds Group ((RFF)).

UBS strategist Richard Schellbach has thus far been noticeably less accommodative than previous mentioned peers at Macquarie, Morgans and Wilsons. His forecast is for disappointing earnings, on balance, with cautious indications from CEOs and little evidence of positive impact from AI investments to date.

Such a downbeat tone in August might not kill off the current uptrend for the market, but Schellbach can see a 'pause' in the uptrend emerging for the months ahead.

As per always, lots shall be revealed as results releases accumulate throughout next month. Investors will get an early taste this week with scheduled releases from Champion Iron ((CIA)), Rio Tinto and ResMed.

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To keep up to date with earnings forecasts and rating upgrades and downgrades, FNArena publishes a weekly overview:

https://fnarena.com/index.php/2025/07/28/weekly-ratings-targets-forecast-changes-25-07-25/

FNArena's Corporate Results Monitor (to switch soon into August mode):
https://fnarena.com/index.php/reporting_season/

(This Monitor includes a calendar for August results).

In preparation of August:

https://fnarena.com/index.php/2025/07/24/rudis-view-bega-cheese-cettire-harvey-norman-sigma-siteminder-more/

https://fnarena.com/index.php/2025/07/23/rudis-view-extreme-bifurcation-ahead-of-august/

https://fnarena.com/index.php/2025/07/17/rudis-view-aussie-broadband-oohmedia-paladin-energy-seek-xero-more/

https://fnarena.com/index.php/2025/07/16/rudis-view-navigating-covid-legacies/

Model Portfolios, Best Buys & Conviction Calls

This section appears from now on every Thursday morning in a separate update on the website. See **Rudi's Views** for the archive going back to 2006 (not a typo).

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(This story was written on Monday, 28st July 2025. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

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In addition, since FNArena runs a Model Portfolio based upon my research on All-Weather Performers it is more than likely that stocks mentioned are included in this Model Portfolio. For all questions about this: contact us via the direct messaging system on the website).

RUDI'S VIEWS

Rudi's View: Consumer Stocks, Insurers, Telcos & More

Update on expert views and predictions ahead of the August results season in Australia.

-FNArena Talks
-The Importance Of The USD
-Australia's Golden Goose
-August: It's About More Than Earnings

By Rudi Filapek-Vandyck, Editor

FNArena Talks

A replay of this week's online Q&A is available: https://youtu.be/d30WGsiGWs0

Or simply visit the dedicated section on the website:

https://fnarena.com/index.php/analysis-data/fnarena-talks/

The Importance Of The USD

An underlying trend of US dollar weakening might make American businesses more competitive vis a vis foreign competitors, but for foreign investors a dilemma is being created.

FNArena has written about this already, but **ClearBridge Investments** highlighted the issue yet again this week and it's worth repeating the gap that is forming between domestic and foreign investors in US assets.

"Investors looking at their June statements must feel good unless they live outside the United States.

"While US investors saw a 6.2% return year to date, the S&P 500 Index is down in most foreign currencies due to the significant decline in the US dollar.

"S&P500 investors in Japan lost -1.2% in yen; in euros that would be a -5.3% loss; while the S&P500 declined -16.4% relative to gold. Indeed, the dollar is the only commonly used yardstick that flatters US returns.

"A quick survey of global equity performance drives home the point. Not only did US equities become worth less in the first six months of 2025, they also significantly underperformed global markets with the S&P500 up 5.5% versus the MSCI ACWI ex US Index's 17.9%.

"Yet despite considerable underperformance, US stocks, with a trailing price-to-earnings (P/E) of 23.8x, continue to trade at a record premium to foreign markets, at 15.3x.

"For US focused investors, it is easy to lose sight of global dynamics. But for foreign investors, these issues are front and center every day. Rising US equity markets may make American investors feel good, but they will not do any good if those investors are unable to maintain and grow their purchasing power.

"Continued US underperformance also risks becoming self-reinforcing. With US markets at all-time highs, foreign markets relatively cheaper than they have ever been and global investors over-indexed to US markets, it is easy to envision cascading outflows."

Australia's Golden Goose

A recent **UBS** report on Australia's mandated superannuation system, considered the country's golden goose, contained the following comment:

"The size and growth in Super funds potentially creates systemic risks in Australia.

"The top funds hold a disproportionate amount of the total system's funds, and this skew is likely to further over

coming years given these largest funds are still capturing the strongest inflows.

"What does strike us as uncomfortable, is the layered exposure Australian householders now have to the domestic residential property market. More than half of Australians' wealth already sits in residential property.

"If we also include the Superannuation fund holdings of Australian Banks, then we estimate the proportion of Australians' wealth directly (or very closely) linked to the Australian housing market is 55%."

August: It's About More Than Earnings

There's lots of noise in and around financial markets, strategists at **Macquarie** concluded this week, but investors should not be complacent about risks which remain elevated.

Macquarie's suggestion is to adopt a more defensive portfolio stance through quality growth stocks that are still trading on reasonable multiples.

All of BlueScope Steel ((BSL)), Amcor ((AMC)), Brambles ((BXB)), James Hardie ((JHX)) and SGH Ltd ((SGH)) are Buy-equivalent rated by Macquarie analysts, and they fit the more defensive mould.

Investors might also consider Reliance Worldwide ((RWC)), suggest the strategists, but it's probably too early still for Fletcher Building ((FBU)) and Reece ((REH)).

Within this context it's interesting to note analysts at **Morgan Stanley** have identified Amcor and Orica ((ORI)) for likely delivering a positive surprise in August, but with Brambles and Dyno Nobel ((DNL)) likely to surprise negatively.

Aurizon Holdings ((AZJ)) is also still considered a negative surprise risk.

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August was supposed to be the earnings season when RBA rate cuts facilitate an uptick in **domestic consumer spending** but the RBA has mostly held off thus far and most Australians prefer to have more savings just in case it would appear.

Analysts at **Morgan Stanley** lined up the following five key themes to watch for investors in consumer companies during the upcoming results season:

1) FY26 sales/margin trajectory;
2) Earnings benefits of cost out programs;
3) Capital management;
4) Escrow unwind; and
5) Strategic reviews

Morgan Stanley remains wedded to a defensive/cautious approach, preferring staples over discretionary retailers and Sigma Healthcare ((SIG)) over alcohol and fast-food as health & wellness have become a solid trend among Australians too.

Potential cost out benefits apply to all of Domino's Pizza ((DMP)), Woolworths Group ((WOW)), Sigma Healthcare, and Treasury Wine Estates ((TWE)).

For the chance of a special dividend, the analysts have penciled in both JB Hi-Fi ((JBH)) and Super Retail ((SUL)).

Multiple management teams are currently reviewing strategies, including at Woolworths, Endeavour Group ((EDV)), Treasury Wine Estates, Domino's Pizza, and Sigma Healthcare.

To date, the pace of recovery in discretionary retail has been slower than expected across Australia. How many greenshoots will be announced in August is anybody's guess at this stage, but Flight Centre ((FLT)) just issued its second profit warning since April, even though some analysts are prepared to declare this will prove to be the last piece of negative news coming out of the travel agent (for this cycle).

Post disappointing indications from Metcash ((MTS)) and Viva Energy ((VEA)) investors will be curious to find out how much the popularity of illegal tobacco in Australia is hurting the supermarket businesses at Woolworths and Coles Group ((COL)).

Outside of your typical consumer spending related dilemmas, Morgan Stanley strategists believe the following themes are likely on investors' mind ahead of August results:

-the domestic economic cycle (expectation is for better times ahead)
-momentum rotation and its durability

-costs and margins
-capital allocation and M&A
-AI investments and results

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Sector analysts at **Citi** have re-iterated their preference for Buy-rated AMP ((AMP)) and Challenger ((CGF)) among **non-bank financials** with the added observation that expectations for Neutral-rated Computershare ((CPU)) are higher than market consensus.

Least preferred is ASX Ltd ((ASX)), while overall enthusiasm is only a smidgen higher for Perpetual ((PPT)).

Among **insurers**, the preference lays with QBE Insurance ((QBE)) and Insurance Australia Group ((IAG)).

All health insurers are rated Neutral, though for different reasons. Medibank Private is seen as fully valued while ongoing challenges and a new CEO at nib Holdings has the analysts wary of a potential rebasing of expectations (i.e. a good old fashioned profit warning to make future achievements look better).

Peers at Morgan Stanley are expecting solid results from the insurers this season. Analysts at Jarden see upside risk for insurers versus downside risks for the banks.

Morgans' favourites among **financial services providers** are Generation Development ((GDG)), MA Financial ((MAF)) and Tyro Payments ((TYR)).

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Over at **Ord Minnett**, Research analyst Athena Kospetas sees too many question marks in addition to elevated valuation multiples to get excited ahead of August:

"Downgrades have been concentrated in real estate and consumer-related sectors. Earnings expectations for energy and materials stocks remain depressed, held back by softness in commodity markets.

"Falling interest rates and intensification of competition has led to earnings downgrades with the banking sector, with some minor downward revisions across the rest of the financials sector, namely the insurers as premiums and investment yields have moderated.

"Technology is one area of the market that has seen strong positive earnings momentum, and with valuations particularly stretched in this part of the market, so we expect sizeable reactions if companies disappoint."

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One of the sectors that currently stand out is the domestic **telecommunication industry**. Forecasts remain buoyant and momentum, both operationally and in share prices, has remained to the upside.

No surprise, a recent sector update by **Jarden** shows Buy-equivalent ratings for all of Aussie Broadband ((ABB)), Superloop ((SLC)), Telstra ((TLS)), and TPG Telecom ((TPG)).

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One sector expected to climb out of its recent rut is the **automotive sector** with sales momentum expected to improve this second half of 2025.

Macquarie's sector favourites are Eagers Automotive ((APE)), ARB Corp ((ARB)) and Amotiv ((AOV)).

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https://fnarena.com/index.php/2025/07/17/rudis-view-aussie-broadband-oohmedia-paladin-energy-seek-xero-more/

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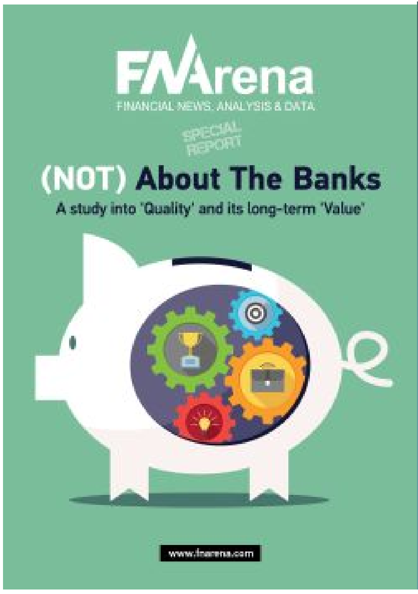

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TREASURE CHEST

Treasure Chest: Imdex

FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts. Today's idea is Imdex.

By Danielle Ecuyer

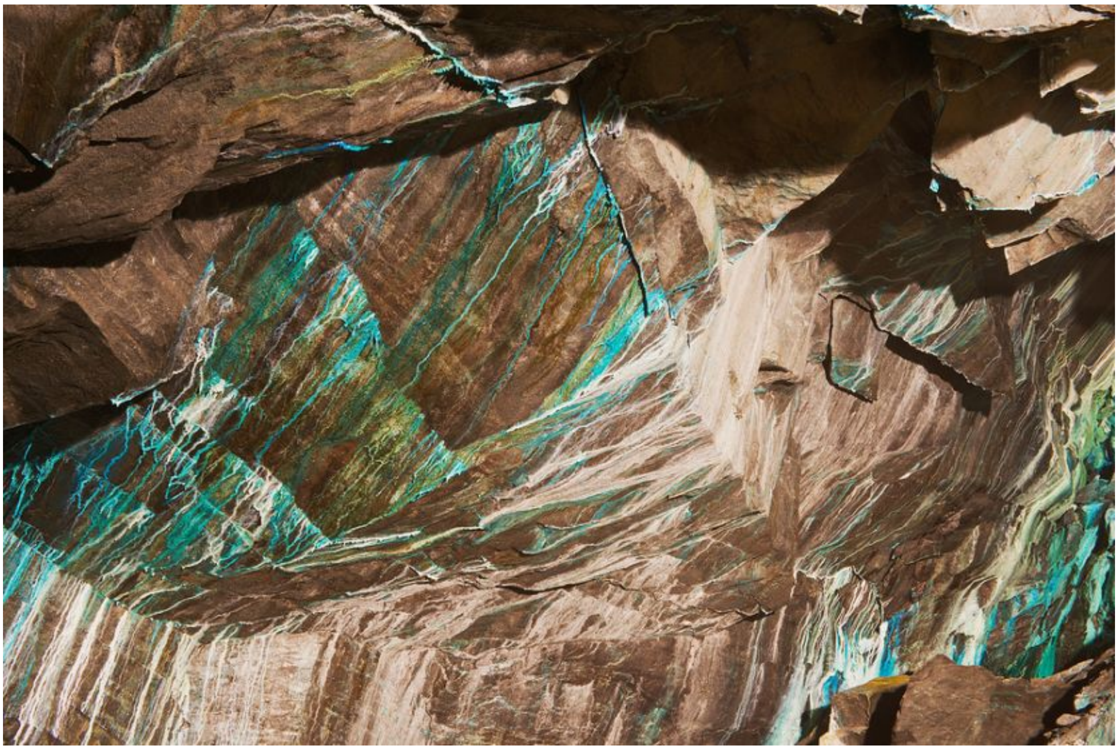
FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts.

Whose Idea Is It?

Canaccord Genuity

The subject:

Imdex has added to its strategy of growing and enhancing its cloud based software-as-a-service platform, Imdex Hub-IQ via an 80% stake in Norwegian energy platform Earth Science Analytics (ESA) which should boost the company's ability to grow market share.



More info:

Imdex ((IMD)) is a small-cap ($1.5bn) global mining tech services company that offers tools and technologies, including via its digital platform, to improve drilling efficiency, safety, and environmental impacts for mining companies and explorers. The company is leveraged to mining exploration spending, earning around $2.10 in revenue for every $100 spent on exploration activities during 2024, as highlighted by management at the 1H25 results.

The shift to more intelligent workloads and cloud-based software solutions to support businesses is evident. Imdex’s acquisition of an initial 80.5% stake in Earth Science Analytics (ESA) for -$26m supports this transition. The Norwegian software company offers access to EarthNet, a geoscience platform designed to process and integrate large volumes of geophysical and drilling data for machine learning applications.

As highlighted by Canaccord Genuity, EarthNet's current software focus is on the energy sector, but the platform is adaptable across broader earth science datasets. Reported benefits include a greater than -90% reduction in geophysical interpretation time and over 95% accuracy in predicting rock properties. ESA's current customers include Aramco Ventures and Equinor.

ESA seems an ideal fit with Imdex's digital expansion strategy. EarthNet will be integrated into the company's existing platform, Imdex Hub-IQ, a cloud-based SaaS portal designed to securely collect, validate, and manage field data from geological surveys and assay results to detailed drill hole information.

At Imdex's 1H25 results, management pointed out Datarock's SaaS revenue rose 107% and Krux SaaS revenue by 46%, as examples of how the company is making strategic investments in new growth through digital enhancing businesses. Over the 1H25, the number of customers connected to Imdex Hub-IQ grew 7%, indicating increasing customer engagement in cloud-based platforms.

Canaccord believes ESA has similarities to these two former investments as it expands its digital orebody solutions to customers.

For Citi, the FY26 revenue multiple paid for ESA of 6.7 times appears rich at first glance, but the leverage comes from the otherwise necessary, costly, and time-consuming period of digital infrastructure investment to achieve the same outcome.

There is a put-and-call structure for Imdex to purchase the remaining equity from the founders after four years, at a minimum cost of around -$7m. This is subject to appreciation based on ESA's performance over the period, which Canaccord believes will be linked to revenue growth.

ESA is flagged to be break even on an earnings (EBITDA) basis, with anticipated FY26 revenue contribution of $4m. The annualised revenue contribution represents circa 1% of Citi's FY26 revenue forecast for Imdex, with an accompanying rise in anticipated FY26 finance costs of under -$1m.

Imdex's recently up scaled debt facility of $350m will be drawn down close to circa $90m, states Citi.

From an operational perspective, Bell Potter detailed June rolling six-month equity raisings for mining juniors rose 65% on a year earlier and reached the highest level since November 2021. The raisings have expanded annually for nine consecutive months to June, which the analyst interprets as a robust signal of improving sentiment for mineral exploration.

In addition, there has been upbeat June quarter feedback from the industry. Swedish company Epiroc detailed its mining customers, particularly in exploration, have been more inclined to lift investment. Major customers indicated a preference for brownfield over greenfield opportunities, as well as investments in grassroots exploration.

UK mining services company Capital Drilling views the rise in demand for exploration drilling, as revealed in the June update, is a potential catalyst for securing more exploration drilling contracts.

Bell Potter sees Imdex as a "key" beneficiary of improving demand for drilling optimisation products, instruments, and analytical software. Notably, the broker's update, including an upgrade in rating to Buy from Hold with a higher target price of $3.05 from $2.65, was issued prior to the ESA announcement.

Canaccord argues the sustainability and longevity of market share growth has improved post-acquisition. This broker has lifted medium-term earnings forecasts. Canaccord's target price moved to $3.18 from $3.04 with an unchanged Buy rating.

While Citi believes the acquisition is sound, the analyst retains a Neutral/Hold-equivalent rating with a $2.80 target price. This broker envisages Imdex will use its strong balance sheet to pursue further inorganic growth opportunities in the technology space, which is considered "crucial" as the industry faces an inflection point in exploration levels, the analyst states.

The company's leverage to mining exploration is highlighted by the fact the share price has yet to reach its previous all-time high from April 2012 at $3.259 per share, when, according to S&P Global (then SNL Metals and Mining), global nonferrous exploration budgets peaked at around US$21.5bn and the ASX saw strong exploration listings in 2010–2012.

Though most analysts are yet to update for the latest acquisition, consensus forecasts already assume strong growth ahead for Imdex, with EPS to grow by 46% in FY25 (to be released in August), followed by another 22.4% in FY26. The dividend is equally projected to take a few leaps higher, from 2.8c in FY24 to 3c in FY25, to 3.6c in FY26.

See Stock Analysis on the FNArena website for more details.

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 25-07-25

Weekly update on stockbroker recommendation, target price, and earnings forecast changes.

By Mark Woodruff

Guide:

The FNArena database tabulates the views of eight major Australian and international stockbrokers: Citi, Bell Potter, Macquarie, Morgan Stanley, Morgans, Ord Minnett, Shaw and Partners and UBS.

For the purpose of broker rating correlation, Outperform and Overweight ratings are grouped as Buy, Neutral is grouped with Hold and Underperform and Underweight are grouped as Sell to provide a Buy/Hold/Sell (B/H/S) ratio.

Ratings, consensus target price and forecast earnings tables are published at the bottom of this report.

Summary

Period: Monday July 21 to Friday July 25, 2025
Total Upgrades: 8
Total Downgrades: 22
Net Ratings Breakdown: Buy 60.06%; Hold 32.00%; Sell 7.94%

For the week ended Friday, July 25, 2025, FNArena tracked eight upgrades and twenty-two downgrades for ASX-listed companies from brokers monitored daily.

Average target price increases outpaced declines, while at the upper end of the average earnings forecast tables below downgrades exceeded upgrades. Beyond that point, however, upgrades were more prevalent in percentage terms.

AMP received the largest increase in average target price of nearly 18% and came third on the positive change to average earnings forecast table after reporting its June quarter trading update.

Ord Minnett highlighted the first positive net cash flow for AMP's superannuation and investments operations since 2017.

An accelerating trend in inflows, the fifth consecutive quarter of net cash inflows for the platforms business, will amplify the uplift to assets under management from favourable market movements, suggested the broker.

Macquarie downgraded its rating for AMP to Neutral from Outperform following a 42% share price rally over the past month.

The broker explained a more constructive view would require a live demonstration of the "best-in-class" North wrap investment platform and a clear articulation of the strategy to achieve the Bank's return on equity (ROE) target.

AMP remains the preferred stock pick of Morgan Stanley across wealth managers with an attractive valuation and robust flows, including holistic retirement income solutions.

It was also a big week for car retail groups Autosports Group and Peter Warren Automotive with average target price rises of 15% and 12%, respectively, along with material rises in FY25 average earnings forecasts by brokers.

Across A&NZ, Autosports Group specialises in the sale and servicing of prestige and luxury vehicles via 75 retail businesses, including new car dealerships, used car outlets, motorcycle dealerships, and specialised collision repair facilities.

By dealer count, the highest brand exposures are BMW, MINI, Audi and Volvo.

In reviewing its investment case, Macquarie highlighted the potential removal of the luxury car tax could represent significant upside for the group, which remains the most leveraged play on the ASX in this regard.

Management remains focused on inorganic growth, with a strong M&A pipeline and ample capital to pursue future acquisitions, suggested the broker.

Shares in Peter Warren Automotive rose last week after management upgraded FY25 underlying profit guidance. This company operates 80 franchises across 30 brands along Australia’s east coast.

Management now guides to FY25 underlying pre-tax profit of circa $22m, implying a strong second-half result of around $15m, with Morgans noting this is more than double the $7.1m in the first half. Earlier guidance pointed to flat earnings. The uplift was driven by stronger June marketing and improved inventory and cost management.

Morgans believes sector headwinds appear to have bottomed, supporting margin gains in FY26–27, and raised its target to $1.75 from $1.45. Ord Minnett also lifted its target to $1.70 from $1.40. Both maintained Hold ratings, consistent with Morgan Stanley, the third daily monitored broker in the FNArena database.

Along with Peter Warren, AMP, and Autosports, miners Regis Resources and Woodside Energy made up the top five for positive changes to average earnings forecasts last week.

Regis delivered solid FY25 results, UBS commented, with June quarter production of 87.4koz bringing the full-year total to 373koz, the top end of guidance. Costs (AISC) at $2,531/oz were also below the guided range midpoint.

With a robust cash and bullion position of $517m as of June 2025, no debt, and absent a breakthrough on the McPhillamys project, Regis remains a frequent subject of M&A speculation.

An ongoing lack of material organic growth options and lingering questions around capital returns continue to fuel this narrative, explained the broker, which upgraded its rating to Neutral from Sell.

Less enthused, Citi downgraded to Sell from Neutral on valuation grounds, based on its below-consensus gold price assumptions. The stock has outperformed the Gold Index by approximately 20% year-to-date, but upcoming index rebalancing in the September quarter presents a potential headwind, suggested Citi analysts.

For Woodside Energy, second quarter production exceeded Macquarie's expectation, driven by a strong performance from the Sangomar offshore oil field in Senegal, which operated above nameplate. Revenue of US$3.3bn beat consensus by 10%.

Updated 2025 guidance also points to lower unit costs and UBS now sees potential consensus EPS upgrades of around 6% for the first half of FY25.

Ord Minnett sharply upgraded its EPS forecasts, by 67% for 2025, 75.5% for 2026, and 30.5% for 2027, bringing estimates broadly in line with consensus. The broker’s forecast 2025 dividend was also raised by 67%.

Ord Minnett downgraded its rating to Hold from Buy on valuation grounds, maintaining a $25.00 target price following an around 15% rally in the share price since early June.

Bapcor had a horror week after management lowered profit guidance, as well as flagging -$48–50m in significant items and a -$24m overstatement in past profits, alongside the immediate resignation of three Board members.

The company’s average target price declined by -32% to $3.85, and the share price tanked to $3.72 from $5.11.

Analysts at Morgans saw limited positives in the market update, citing deeper-than-expected disruptions in Specialist Wholesale, softening momentum in the Trade segment, and ongoing weakness in both Retail and New Zealand operations.

The broker flagged elevated execution risk given the group’s scale and complexity, noting recent operational deterioration has eroded its confidence in near-term earnings.

Morgans downgraded its rating to Hold from Accumulate.

Macquarie downgraded to Neutral from Outperform, noting Retail remains under pressure, with FY25 revenue down -3.5%, impacted by weaker discretionary spending, increased competition, and changes to promotional strategies.

In terms of negative change to FY25 average earnings forecasts, here Paladin Energy and Lynas Rare Earths fared worse than the -11% fall for Bapcor, with respective declines of -45% and -21%.

Citi observed the sell-off in Paladin Energy's shares on the back of what is viewed as a "solid" June quarter report, due to weaker realised prices and disappointing FY26 guidance.

The lower realised price was attributed to timing and mix of contract deliveries, which is not considered a structural problem for the uranium miner.

While also noting weaker realised pricing, the analyst at Macquarie highlighted fourth quarter production at the Langer Heinrich uranium mine beat forecasts by the broker and consensus, making FY26 guidance of between 4.0-4.4mlb look conservative.

Paladin continues to blend stockpiles during the Langer Heinrich mine ramp-up, noted UBS, which management suggested is clouding the picture.

While the average FY25 earnings forecast for Lynas Rare Earths fell, the percentage move was exaggerated by relatively small numbers involved. The FY26 average remained steady after brokers generally approved of June quarter operational results.

In the June 2025 quarter, management achieved an average rare earth oxide (REO) price of $60.2/kg, the highest since June 2022, surpassing Morgan Stanley’s forecast by 7.1% and the broader consensus by 6.7%.

According to the broker, the stronger pricing was driven by new supply chains and pricing agreements decoupled from the market index. Although sales volumes were -5.7% below Morgan Stanley’s expectation, the uplift in pricing helped offset the shortfall, with revenue exceeding consensus estimates by 9.5%.

Brokers also lowered the average earnings forecast for Iluka Resources by -8%.

Despite solid second quarter production for Iluka, sales and revenue missed expectations and mineral sands pricing remains uncertain. By contrast, the outlook for rare earths looks promising. Later today, FNArena will publish a separate story following the miner's quarterly update.

Shares in Pantoro Gold (market cap $1.46bn) closed at $3.72 last Friday having hit three-year highs during the week after strong fourth quarter production from the Norseman Gold project, prompting Bell Potter to upgrade its rating to Hold from Sell.

Ord Minnett also upgraded to Buy from Speculative Buy noting a strong FY26 guidance outlook is benefiting from higher grades at the project as the Scotia underground mine ramps up.

Total Buy ratings in the database comprise 60.06% of the total, versus 32.00% on Neutral/Hold, while Sell ratings account for the remaining 7.94%.

Upgrade

GREATLAND RESOURCES LIMITED ((GGP)) Upgrade to Buy from Neutral by Citi .B/H/S: 2/0/0

Citi maintains its $8.00 target for Greatland Resources but upgrades to Buy from Neutral, citing recent underperformance relative to the Gold Index and supportive fundamentals.

The broker expects Greatland to close FY25 with approximately $530m in cash and generate 6% free cash flow in FY26.

At a long-term real gold price of US$2,300/oz, Greatland trades on less than 1.2 times price/net asset value (NAV), highlights Citi.

An updated Havieron study due in the December quarter is expected to outline a larger 4–4.5mtpa project, balancing capital and operating costs while unlocking lower-grade material.

Citi's long-term gold price forecast moves to US$2,300/oz (real) from US$2,200/oz.

GRAINCORP LIMITED ((GNC)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 4/1/0

Bell Potter upgrades GrainCorp to Buy from Hold with a higher target price of $8.45 from $7.85 due to the outlook for east coast yields improving recently.

In addition, canola crush margins have risen, while the weaker share price offers an opportunity ahead of September Abare crop report, commentary suggests.

Near-term rainfall forecasts have improved for the east coast post the June Abare crop report, while CSIRO Wheatcast modeling suggests a 71% chance of east coast crops exceeding median yields, with a 29% chance of coming in above the long-term average.

Spot crush margins are now aligned with a year ago after a weaker patch earlier in 2025, the broker suggests.

There is no change to EPS estimates.

INSURANCE AUSTRALIA GROUP LIMITED ((IAG)) Upgrade to Buy from Neutral by UBS .B/H/S: 2/2/0

UBS upgrades Insurance Australia Group to Buy with the shares down -10% since late June. CAT protection comes at a cost, around -$250m in FY25, equating to a -2.5% drag on the insurance trading result (ITR) margin.

UBS highlights the cost may be offset by reinsurance profit commissions, which are not fully reflected in market expectations.

These commissions, paid back by re-insurers when claims are low, could add approximately 60–70 basis points to Insurance Australia Group's ITR margin and lift EPS by 4.5–5.3% annually, based on the analyst's simulations of historic CAT data.

With FY25 CAT costs tracking below budget and other strategic initiatives underway, the analyst sees upside risks to both EPS and the stock's valuation, prompting an upgrade to Buy.

Target price rises to $9.50 from $9.30.

IMDEX LIMITED ((IMD)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 2/3/0

Bell Potter raises its target for Imdex to $3.05 from $2.65 and upgrades to Buy from Hold, noting early signs of a recovery in exploration activity and improved industry sentiment.

Junior equity raisings rose 65% year-on-year in the six months to June 2025, the highest since late 2021, which the broker sees as a positive signal for mineral exploration demand.

Industry updates from global manufacturer of mining and infrastructure equipment Epiroc and London-based Capital Drilling (mining services and drilling contractor) also point to renewed exploration investment, highlight the analysts.

Bell Potter lifts its FY26–27 EPS forecasts by 5% and 4%, respectively, driven by higher revenue growth, stronger margins, and lower cost of debt assumptions.

PANTORO GOLD LIMITED ((PNR)) Upgraded to Buy from Speculative Buy by Ord Minnett and Upgrade to Hold from Sell by Bell Potter .B/H/S: 1/1/0

Ord Minnett observes Pantoro Gold announced a robust 4Q25 result with a FY26 guidance outlook that should benefit from higher grades, the analyst notes, as Scotia UG ramps up.

All-in-sustaining-costs came in lower than the broker's forecasts and the miner generated $43m in cashflow compared to Ord Minnett's $32m anticipated.

The analyst raises EPS estimates by 12%-16% for FY25-FY26 The stock is upgraded to Buy from Speculative Buy with a $4 target from $3.55.

Bell Potter upgrades Pantoro Gold to Hold from Sell with a lift in target price to $3.15 from $2.30 post the release of its June quarter production results from Norseman gold project, of 25,417oz at all-in-sustaining-costs of $1991oz.

The broker highlights production was considerably higher than forecasts and costs much lower. For FY25 the miner produced gold of 84,563oz with all-in-sustaining-costs of $2261 and positive free cash flow.

Cash and bullion at quarter end stood at $175.8m from $132.5m in the prior quarter. Pantoro is now debt free with FY26 production guidance at 100-110koz at cost of $1950-$2250 which would make the miner one of the lowest cost producers on the ASX, Bell Potter states.

The analyst lifts EPS forecasts by 16% for FY25 and lowers FY26 by -15%.

REGIS RESOURCES LIMITED ((RRL)) Upgrade to Neutral from Sell by UBS .B/H/S: 1/4/2

Regis Resources delivered solid FY25 results, according to UBS, with June quarter production of 87.4koz bringing the full-year total to 373koz, the top end of guidance. Costs (AISC) at $2,531/oz were also below the guided range midpoint, highlight the analysts.

FY26 production guidance of 350–380koz is in line with the broker's expectations, though cost guidance of $2,610–2,990/oz is around -7% worse than UBS estimates. The latter is thought to reflect broader sector inflation and non-cash adjustments of $170/oz.

UBS raises its FY25 EPS forecast by 15% on better revenue and lower depreciation, but trims FY26–27 estimates due to slightly lower output and higher unit costs.

UBS upgrades to a Neutral rating from Sell and lowers its target price to $4.60 from $4.75.

See also RRL downgrade.

SIGMA HEALTHCARE LIMITED ((SIG)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 2/2/1

Ord Minnett raises its target for Sigma Healthcare to $3.00 from $2.70 and upgrades to Accumulate from Hold. The broker forecasts underlying earnings (EBIT) of $836m for FY25.

The broker estimates a 3-year EPS compound annual growth rate (CAGR) of circa 21%, driven by merger synergies, international expansion into Ireland and the UAE.

Margin benefits are also anticipated from Wagner Pharma's contribution to the private label strategy. Wagner is a core private label and exclusive brand in Australian pharmacy channels.

Sigma's distribution centres hold more than 45k sqm of unused space, while private label revenue growth and fragmented offshore markets represent upside risk, suggests Ord Minnett.

Downgrade

ALCIDION GROUP LIMITED ((ALC)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 0/1/0

Bell Potter downgrades Alcidion Group to Hold from Buy as the current share price reflects the strong execution in FY25 and the outlook, the analyst explains.

The group announced a robust June quarter update with record results for both cash received and net operating cash flow.

FY25 operating cash flow came in at $5.8m, which was a $12.9m improvement on FY24, the broker states. With cash of $17.7m, the balance sheet is stronger.

Bell Potter raises earnings (EBITDA) estimates for FY25–FY26, with the FY25 forecast of $4.7m now in line with guidance.

Target price is lifted to 13c from 11c.

AMP LIMITED ((AMP)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 3/2/0

AMP's 2Q2025 report showed platform net cashflows rising $1.6bn, up 63.2% on the previous year, with AUM rising to $83.2bn from $78.8bn in the prior quarter, largely due to positive market moves, Macquarie explains.

The bank's gross loans and advances grew 1.6% on an annualised basis, up $185m in the quarter and closing at $23.5bn. No comments were offered on net interest margin or the strategic direction of the bank.

Macquarie lifts 2025 and 2026 EPS forecasts by 0.6% and 2.5%, respectively, from higher investment income.

The broker downgrades the stock to Neutral from Outperform due to a rise in the share price of 42%. Target price is lifted to $1.70 from $1.44 on a changed valuation methodology. AMP is due to report 1H25 result on August 7.

EAGERS AUTOMOTIVE LIMITED ((APE)) Downgrade to Sell from Neutral by UBS .B/H/S: 4/2/1

UBS raises its target for Eagers Automotive to $16.50 from $14.80 due to higher peer multiples.

The rating is downgraded to Sell from Neutral on valuation concerns as interest in offshore expansion, particularly into Canada, generates investor debate.

The broker sees strategic logic in Canada due to the company's capped domestic Toyota share, the market's fragmentation, and opportunities to partner with new OEMs or distribution models like BYD.

On the flipside, the analysts note high M&A activity, limited greenfield growth, and high acquisition multiples, making value-accretive deals difficult to find.

The broker sees modest EPS accretion under conservative gearing assumptions, but cautions traditional dealer roll-up strategies appear underwhelming unless paired with innovative models.

BAPCOR LIMITED ((BAP)) Downgrade to Hold from Accumulate by Morgans and Downgrade to Neutral from Outperform by Macquarie.B/H/S: 0/4/0

Morgans notes Bapcor has delivered a disappointing FY25 update with profit of between $81–82m, down -14% year-on-year and implying a -21% decline in second-half earnings.

All divisions recorded sales declines in 2H25, with particularly weak trading in May–June, highlights the broker.

Management also flagged -$48–50m in significant items and a -$24m overstatement in past profits, alongside the immediate resignation of three Board members.

The analysts see few positives, noting Specialist Wholesale disruptions were deeper than expected, Trade momentum slowed, and Retail and NZ conditions remain weak.

Execution risk remains high, suggests the broker, given the group’s size and complexity, and recent deterioration has reduced near-term earnings confidence.

Morgans' forecasts for EPS across FY25–27 have been cut by -18.1% to -32.5%. The rating is downgraded to Hold from Accumulate and the target price reduced to $3.70 from $5.95.

Macquarie reports FY25 adjusted profit guidance of $81–82m by management at Bapcor is -15% below consensus and the broker's own estimates, and places 2H earnings around -30% below expectations.

The analyst notes revenue declined across all segments except Trade, which grew 1.4% year-on-year, although trading conditions softened in May and June.

Retail remains challenged, assesses Macquarie, with FY25 revenue down -3.5%, as Bapcor flagged lower discretionary spending, heightened competition, and promotional strategy changes.

Specialist Wholesale fell -3.1%, impacted by consolidation activity and ERP integration, explains the broker. Cost savings hit the top end of the -$20–30m target, but offsetting strategic investments are expected.

Macquarie lowers its target price to $3.80 from $5.85 and downgrades to Neutral from Outperform.

BHP GROUP LIMITED ((BHP)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 4/2/0

Macquarie notes BHP Group's June quarter report beat expectations on most metrics, and FY25 units cost comments pointed to an in-line outcome. FY26 guidance was also in line with consensus.

The impact on the broker's forecasts was mixed, with FY25 EPS rising 4% but FY26 cut by -6%, mainly on a -5% cut to the EBITDA forecast.

The cost blowout at the Jansen potash mine points to future execution risk of the company's capital program, though the broker believes the deferral of stage 2 is prudent. EPS forecasts for FY28-30 trimmed slightly on stage 2 deferral.

Target rises to $41 from $40. Rating downgraded to Neutral from Outperform.

CHALLENGER LIMITED ((CGF)) Downgrade to Underweight from Equal-weight by Morgan Stanley .B/H/S: 5/1/1

Morgan Stanley downgrades Challenger to Underweight from Equal-weight as the analyst believes there are risks to revenue margins as APRA wants better pricing for customers, while acknowledging the positive tailwinds from lighter capital requirements and longevity growth options.

The broker points to offsetting lower pricing with higher volumes, which could be difficult for Challenger given the relatively attractive pricing on term deposits and rising competition from other retirement products.

With the share price having rallied 37% year to date, Morgan Stanley sees better value in other wealth managers, notably AMP ((AMP)).

Target price is lifted to $6.60 from $6.40. Industry view is In-Line.

ENDEAVOUR GROUP LIMITED ((EDV)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 1/5/1

Macquarie highlights a lack of confidence in 2025 continues to be an overhang on consumer spending, but share prices for consumer-related stocks have run ahead of the recovery expected as the RBA lowers interest rates.

Coles Group ((COL)) is a key pick for the broker, alongside Harvey Norman ((HVN)) and Bega Cheese ((BGA)).

Endeavour Group is a key avoid, along with Sigma Healthcare ((SIG)), and the stock is downgraded to Underperform from Neutral.

Target price falls to $3.80 from $4.10 due to an expected longer-term growth rate with uncertainty around a clear strategy and headwinds facing retail sales.

FORTESCUE LIMITED ((FMG)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 2/4/1

Macquarie downgrades Fortescue to Underperform from Neutral on expectations of lower iron ore prices in 2H2025, with a lift in target price to $17 due to lower cost expectations.

The miner reported better-than-expected 4Q25 production and shipments, up 5%, with hematite costs coming in -6% lower than anticipated and net debt reduced by approximately -US$0.8bn.

Although described as a "perverse" outcome, the analyst believes the -US$150m write-down of the electrolyser factory and once-subsidised hydrogen hub is a "step forward" for Fortescue, signalling a commitment to a more conservative technology and innovation strategy.

Accounting for the June quarter update and FY26 guidance, Macquarie tweaks EPS estimates by 1% to 4% for FY25–FY26.

GOLD ROAD RESOURCES LIMITED ((GOR)) Downgrade to Neutral from Buy by UBS .B/H/S: 0/4/0

UBS highlights the surprise in Gold Road Resources' June quarterly was the $300/oz lift in cost to $2,928/oz, higher than its forecast of $2,531/oz. Production of 72.98koz at an average realised price of $5,131/oz was pre-reported.

While the company didn't provide a reason for the higher cost, it was noted the rise was a sector-wide trend. The broker now expects the FY25 cost to come at the top end of $2,400-2,600/oz guidance and production at the low end of 325-355koz.

Target cut to $3.25 from $3.55 in line with the Gold Fields takeover offer price. Rating downgraded to Neutral from Buy.

ILUKA RESOURCES LIMITED ((ILU)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/2/0

Iluka Resources reported June quarter revenue of $289m, which was basically in line with Citi's forecast, rising 15% from the prior quarter.

Total zircon, rutile and zirconium of 133kt rose 14% on the March quarter but came below the broker's estimate by -5%. Realised prices were below estimate by -3% but up 1% from the March period.

Commentary posits the decline in zircon prices by -7% since the March quarter suggests prices have not troughed yet.

Positively, Balranald is on track for 2H2025 commissioning and net debt, including the refinery, came in at $502m.

Citi downgrades the stock to Neutral/High Risk from Buy/High Risk. Target raised to $5.30 from $5.20.

INGHAMS GROUP LIMITED ((ING)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/3/0

Macquarie highlights a lack of confidence in 2025 continues to be an overhang on consumer spending, but share prices for consumer-related stocks have run ahead of the recovery expected as the RBA lowers interest rates.

Coles Group ((COL)) is a key pick for the broker, alongside Harvey Norman ((HVN)) and Bega Cheese ((BGA)).

Macquarie lowers EPS forecasts for Inghams Group by -4% for FY25 and -6% for FY26 due to the unwinding of R&D tax credits, which is partially offset by lower interest costs.

The stock is downgraded to Neutral from Outperform and target price rises to $3.70 from $3.50.

JB HI-FI LIMITED ((JBH)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/2/3

Macquarie highlights a lack of confidence in 2025 continues to be an overhang on consumer spending, but share prices for consumer-related stocks have run ahead of the recovery expected as the RBA lowers interest rates.

Coles Group ((COL)) is a key pick for the broker, together with Harvey Norman ((HVN)) and Bega Cheese ((BGA)).

Macquarie downgrades JB Hi-Fi to Neutral from Outperform and target lifts to $112 from $111. No change to the analyst's EPS forecasts.

The broker states it would "look to add" JB Hi-Fi and Metcash ((MTS)) on any pullbacks for exposure to cyclical housing recovery.

KAROON ENERGY LIMITED ((KAR)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 3/2/0

Macquarie lowers its target for Karoon Energy to $1.80 from $2.15 and downgrades to Neutral from Outperform, citing elevated uncertainty from the CEO transition and a subdued oil price outlook.

June quarter production of 25kb/d at Bauna was solid, assesses the broker, with Floating Production, Storage and Offloading (FPSO) vessel uptime at 94.5%, tracking toward the top end of guidance.

FPSO operations will be managed in-house from 1H26, observes the analyst.

The Who Dat joint venture will pursue a final investment decision on Who Dat East in late 2025 or early 2026. The Neon project is progressing, highlights Macquarie, with front-end engineering underway and a -30–50% farm-down targeted by end-2025.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Sell from Hold by Ord Minnett .B/H/S: 2/0/4

Ord Minnett downgrades Lynas Rare Earths to Sell from Hold, as the analyst believes the share price rally following the July 11 announcement by the US Department of Defence with MP Materials is misguided.

The elevation of MP Materials to the US's favoured rare earth mine-to-magnet supplier is likely to make Lynas' Seadrift separation plant not viable, as it would impact the US Department of Defence's pricing with MP Materials, the analyst explains.

Lynas should benefit from higher rare earth prices in the West, but expectations of prices around MP's guaranteed level of US$110/kg for NdPr for its Asian customers are very unlikely, Ord Minnett states.

METEORIC RESOURCES NL ((MEI)) Downgrade to Speculative Hold from Buy by Bell Potter .B/H/S: 2/1/0

Bell Potter downgrades Meteoric Resources to Speculative Hold from Buy with the stock up a 'meteoric' 158% since April.

The company announced the results of its pre-feasibility study on Caldeira's IAC rare earths project in Brazil with plant capacity increased to 6mtpa from 5mtpa on a dry basis and project capex up 10% to -US$443m including a -US$86m contingency.

The analyst points to the negative rise in operating costs with the scoping study suggesting a 40% lift, and the major challenge for the company remains the preliminary license, with around 90% of mined material inside the 3km zone of an environmental protection zone.

Target lowered to 16c from 17c. No change in Bell Potter's EPS forecasts.

METCASH LIMITED ((MTS)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/3/0

Macquarie highlights a lack of confidence in 2025 continues to be an overhang on consumer spending, but share prices for consumer-related stocks have run ahead of the recovery expected as the RBA lowers interest rates.

Coles Group ((COL)) is a key pick for the broker, alongside Harvey Norman ((HVN)) and Bega Cheese ((BGA)).

Macquarie downgrades Metcash to Neutral from Outperform with no change to its $4 target.

The broker states it would "look to add" JB Hi-Fi ((JBH)) and Metcash on any pullbacks for exposure to cyclical housing recovery.

NORTHERN STAR RESOURCES LIMITED ((NST)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/4/0

After assessing Northern Star Resources' June quarter update as mixed and highlighting there was no clarity on capex/costs post-FY26, Citi added $165m to its FY27-28 capex forecast.

The broker also cut EBITDA forecast for FY26 by -3% and for FY27 by -7%. The company is expected to draw $750m debt in 1H27 from its $1.5bn facility to partially fund the Hemi development project.

Rating downgraded to Neutral from Buy. Target price trimmed to $18 from $21.

PERENTI LIMITED ((PRN)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 2/1/0

Perenti has upgraded its FY25 free cashflow guidance to approximately $280m, well above the prior estimate of $150m, highlights Bell Potter.

The uplift is mainly due to the $75m sale of mining equipment and $17m in inventory from the concluded Zone 5 Copper mine contract, explain the analysts. Even excluding this, free cashflow would be $190m, still $40m ahead of guidance.

Improved cash conversion above 95% and lower capex of circa -$300m (versus prior -$330m) also contributed to the result, reinforcing management's focus on capital efficiency, suggests Bell Potter.

While this supports near-term deleveraging, Bell Potter expects capex to rise again as new contracts are mobilised, especially those requiring company-owned plant.

Bell Potter downgrades to a Hold rating from Buy, after an around 80% share price rise in the past year, and retains its target price of $1.80.

QORIA LIMITED ((QOR)) Downgrade to Hold High Risk from Buy High Risk by Shaw and Partners .B/H/S: 1/1/0

Shaw and Partners lowers its rating on Qoria to Downgrade to Hold High Risk from Buy High Risk following the company's June quarter update, which included FY25 results and initial FY26 guidance. The 52c target is unchanged.

The broker questions the achievability of the company's goal to reach free cash flow breakeven in FY26, pointing to a narrow $15m cash balance and FY25 cash burn of around -$18m including interest.

FY25 ended with annual recurring revenue (ARR) of $145m, revenue of $117m, and operating earnings of $15.4m, though reported cash earnings were negative -$14.7m, highlights the broker.

FY26 guidance implies to the analyst 20% revenue growth, a 22% EBITDA margin and flat net debt, which the broker finds difficult to reconcile with expected cash costs and interest burden.

Shaw believes FY27 should be an improvement as Qoria completes its product consolidation and gains flexibility to reduce debt and reinvest in growth.

REGIS RESOURCES LIMITED ((RRL)) Downgrade to Sell from Neutral by Citi .B/H/S: 1/4/2

Gold production of 350–380koz was slightly softer-than-expected by Citi. Costs (AISC) at $2,800/oz were around $100/oz worse than the consensus estimate, although $170/oz of this was non-cash and already modeled, explain the analysts.

Growth capex at Duketon is a key variance, with guidance of -$165–175m well above consensus of -$90m, observes the broker, as higher-cost pits and stockpiles are being mined to leverage current gold prices.

Citi lowers its net asset value (NAV) by -9% due to the higher cost base and cuts its target price by -30c to $3.80, noting the stock's circa 20% outperformance versus the Gold Index so far this year. The broker's rating is downgraded to a Sell rating from Neutral.

See also RRL upgrade.

WOODSIDE ENERGY GROUP LIMITED ((WDS)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 1/5/0

Ord Minnett describes Woodside Energy's June-quarter report as solid, with production meeting expectations and sales volumes and revenue surpassing consensus forecasts.

Outperformance was largely driven by Sangomar and inventory drawdowns at Pluto/Wheatstone, explains the analyst.

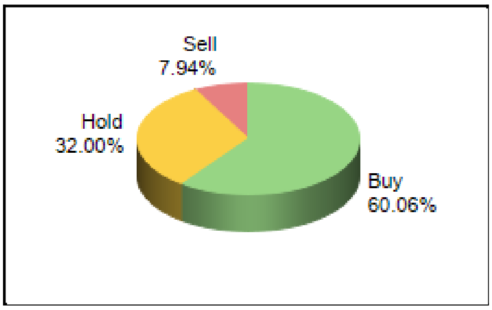
2025 production guidance was modestly tightened, unit production cost guidance was reduced by around -8% per boe, and capital expenditure was revised approximately -10% lower.

The broker estimates around US$170m in upside to consensus first-half underlying net profit, helped by capitalised interest and other income.

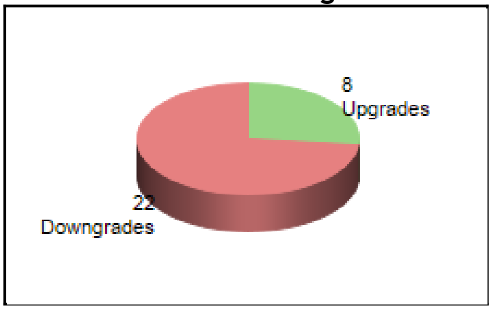
The broker's EPS forecasts are raised sharply: by 67% for 2025, 75.5% for 2026, and 30.5% for 2027, bringing estimates in line with the market, with a matching 67% increase in forecast 2025 dividends.

Ord Minnett lowers its rating to Hold from Buy on valuation grounds, maintaining a $25.00 target price following an around 15% rise in the share price since early June.

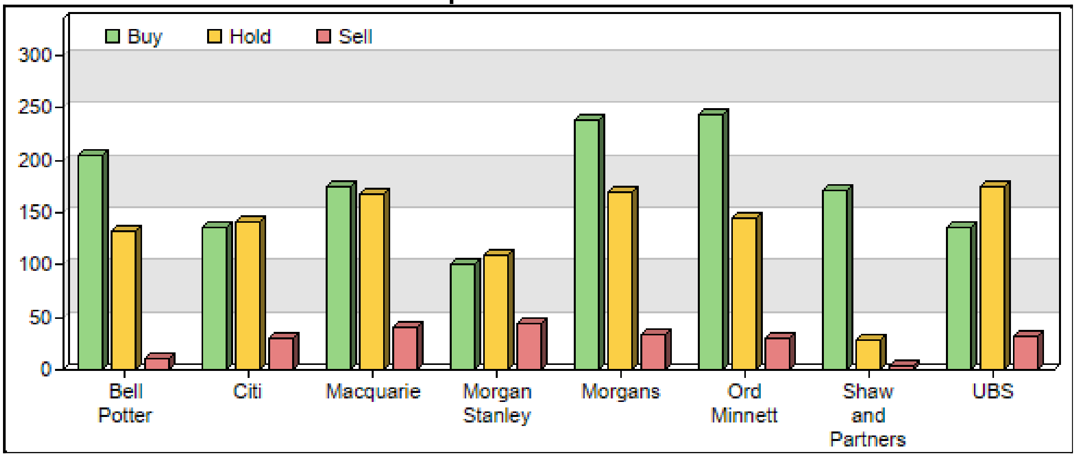
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	GRAINCORP LIMITED	Buy	Neutral	Bell Potter
2	GREATLAND RESOURCES LIMITED	Buy	Neutral	Citi
3	IMDEX LIMITED	Buy	Neutral	Bell Potter
4	INSURANCE AUSTRALIA GROUP LIMITED	Buy	Neutral	UBS
5	PANTORO GOLD LIMITED	Buy	Buy	Ord Minnett
6	PANTORO GOLD LIMITED	Neutral	Sell	Bell Potter
7	REGIS RESOURCES LIMITED	Neutral	Sell	UBS
8	SIGMA HEALTHCARE LIMITED	Buy	Neutral	Ord Minnett
Downgrade				
9	ALCIDION GROUP LIMITED	Neutral	Buy	Bell Potter
10	AMP LIMITED	Neutral	Buy	Macquarie
11	BAPCOR LIMITED	Neutral	Buy	Morgans
12	BAPCOR LIMITED	Neutral	Buy	Macquarie
13	BHP GROUP LIMITED	Neutral	Buy	Macquarie
14	CHALLENGER LIMITED	Sell	Neutral	Morgan Stanley
15	EAGERS AUTOMOTIVE LIMITED	Sell	Neutral	UBS
16	ENDEAVOUR GROUP LIMITED	Sell	Neutral	Macquarie
17	FORTESCUE LIMITED	Sell	Neutral	Macquarie
18	GOLD ROAD RESOURCES LIMITED	Neutral	Buy	UBS
19	ILUKA RESOURCES LIMITED	Neutral	Buy	Citi
20	INGHAMS GROUP LIMITED	Neutral	Buy	Macquarie
21	JB HI-FI LIMITED	Neutral	Buy	Macquarie
22	KAROON ENERGY LIMITED	Neutral	Buy	Macquarie
23	LYNAS RARE EARTHS LIMITED	Sell	Neutral	Ord Minnett
24	METCASH LIMITED	Neutral	Buy	Macquarie
25	METEORIC RESOURCES NL	Neutral	Buy	Bell Potter
26	NORTHERN STAR RESOURCES LIMITED	Neutral	Buy	Citi
27	PERENTI LIMITED	Neutral	Buy	Bell Potter
28	QORIA LIMITED	Neutral	Buy	Shaw and Partners
29	REGIS RESOURCES LIMITED	Sell	Neutral	Citi
30	WOODSIDE ENERGY GROUP LIMITED	Neutral	Buy	Ord Minnett

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	AMP	AMP LIMITED	1.810	1.538	17.69%	5
2	ASG	AUTOSPORTS GROUP LIMITED	2.123	1.850	14.76%	3
3	PWR	PETER WARREN AUTOMOTIVE HOLDINGS LIMITED	1.617	1.450	11.52%	3
4	DYL	DEEP YELLOW LIMITED	1.940	1.807	7.36%	3
5	SSM	SERVICE STREAM LIMITED	2.123	2.003	5.99%	3
6	FMG	FORTESCUE LIMITED	17.510	16.581	5.60%	7
7	WDS	WOODSIDE ENERGY GROUP LIMITED	26.417	25.133	5.11%	6
8	PMT	PATRIOT BATTERY METALS INC	0.650	0.620	4.84%	5
9	CHC	CHARTER HALL GROUP	19.964	19.132	4.35%	5
10	SLC	SUPERLOOP LIMITED	3.500	3.360	4.17%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	BAP	BAPCOR LIMITED	3.850	5.633	-31.65%	4
2	DMP	DOMINO'S PIZZA ENTERPRISES LIMITED	21.467	23.483	-8.58%	6
3	DGT	DIGICO INFRASTRUCTURE REIT	4.550	4.838	-5.95%	5
4	MEI	METEORIC RESOURCES NL	0.233	0.243	-4.12%	3
5	NST	NORTHERN STAR RESOURCES LIMITED	20.240	20.954	-3.41%	7
6	ARB	ARB CORPORATION LIMITED	37.693	38.977	-3.29%	6
7	KAR	KAROON ENERGY LIMITED	2.132	2.202	-3.18%	5
8	RRL	REGIS RESOURCES LIMITED	4.271	4.381	-2.51%	7
9	GOR	GOLD ROAD RESOURCES LIMITED	3.238	3.313	-2.26%	4
10	INA	INGENIA COMMUNITIES GROUP	5.900	6.000	-1.67%	3

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PWR	PETER WARREN AUTOMOTIVE HOLDINGS LIMITED	7.667	5.667	35.29%	3
2	RRL	REGIS RESOURCES LIMITED	34.900	31.067	12.34%	7
3	AMP	AMP LIMITED	10.833	9.700	11.68%	5
4	WDS	WOODSIDE ENERGY GROUP LIMITED	181.963	163.085	11.58%	6
5	ASG	AUTOSPORTS GROUP LIMITED	14.250	13.000	9.62%	3
6	AMC	AMCOR PLC	112.355	105.210	6.79%	6
7	NIC	NICKEL INDUSTRIES LIMITED	5.477	5.167	6.00%	6
8	SDF	STEADFAST GROUP LIMITED	29.533	28.000	5.48%	4
9	SLC	SUPERLOOP LIMITED	4.660	4.440	4.95%	5
10	ALD	AMPOL LIMITED	154.700	147.667	4.76%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PDN	PALADIN ENERGY LIMITED	-5.239	-3.600	-45.53%	7
2	LYC	LYNAS RARE EARTHS LIMITED	3.683	4.683	-21.35%	6
3	BAP	BAPCOR LIMITED	25.180	28.150	-10.55%	4
4	ILU	ILUKA RESOURCES LIMITED	32.825	35.600	-7.79%	5
5	A1M	AIC MINES LIMITED	2.867	3.000	-4.43%	3
6	NXT	NEXTDC LIMITED	-8.580	-8.225	-4.32%	6
7	LIC	LIFESTYLE COMMUNITIES LIMITED	35.133	36.450	-3.61%	4
8	KAR	KAROON ENERGY LIMITED	20.412	21.140	-3.44%	5
9	ARB	ARB CORPORATION LIMITED	120.750	124.717	-3.18%	6
10	MFG	MAGELLAN FINANCIAL GROUP LIMITED	82.675	84.950	-2.68%	4

Technical limitations

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WEEKLY REPORTS

Uranium Week: Boss Energy's Honeymoon Shock

Uranium market darling Boss Energy dropped a FY26 guidance bomb on the market, with shares plumbing a 52-week low and putting a sour edge on a reasonable week for the sector.

-Paladin and Boss hit by price misses and cautious guidance
-Deep Yellow progresses but awaits higher U308 prices
-U308 spot price resilient, with utilities active in mid to long-term markets
-UK government pushes ahead with plans for a new two unit nuclear facility
-Short interests plateau for now

By Danielle Ecuyer

Australian uranium quarterly updates disappoint investors

Australia's two favoured uranium producers, Paladin Energy ((PDN)) and Boss Energy ((BOE)), have been, unfortunately for investors, the cause of some considerable downside stock price frights.

Paladin's June quarter update included both positives and negatives. Overall, the miner reported a strong update based on production and cash costs, with Canaccord Genuity highlighting a rise of 33% in production on the prior quarter, which was better than expected.

The standout disappointment for analysts was the average realised price at US$55.6/lb, which Citi attributed to the timing and mix of contract deliveries. While disappointing, this is not viewed as a structural problem.

Morgan Stanley explains the realised price was -20% below its own estimate and -17.6% lower than consensus, with the FY25 realised price achieved at US$65.7/lb.

Paladin has 13 off-take contracts, up from 12 in the previous quarter, for 24.1mlb of U3O8 contracted to 2030.

Looking to FY26 guidance of 4-4.5mlbs for production, Shaw and Partners believes management has been conservative, although Macquarie observes guidance was still higher than consensus, with capex forecast in line with the broker's estimate.

Citi attributes the selloff in Paladin's shares to weaker realised prices and "disappointing" FY26 guidance.

FNArena's daily monitored brokers' consensus target price sits at $8.986, with seven Buy or equivalent ratings on the stock.

While Paladin shares have retreated from recent highs by just over -15%, Boss shareholders are bound to be licking some unfortunate wounds, with that share price declining nearly -44% on the day of its June quarter update.

For context, Boss shares are now trading below the Liberation Day tariff lows around $2.

While Honeymoon has tracked above expectations for most of FY25, the 4Q25 update was nothing short of disappointing, most notably for the question marks raised over the miner's ability to achieve nameplate capacity.

Citi explains the quarter production was better than expected at 349,188lbs of U3O8, 7% above its own forecast and 4% above consensus.

Sales of 100klbs were notably lower than production and reflected management's strategy to not engage with the market, as the U3O8 price is viewed as *"fundamentally"* undervalued.

FY26 production guidance at 1.6mlb came in below Morgan Stanley's estimate by -1.8% and some -6% below consensus. Macquarie views FY26 guidance as -7% below forecast and based on nine wellfields in operation by June 2026 at Honeymoon and East Kalkaroo.

Guided unit costs of $41–$45/lb at Honeymoon are well above forecast at $35/lb for Macquarie and $37/lb for consensus. Guided capex is also more than anticipated at -$56m-$62m, with additional project and infrastructure costs the negative surprise.

East Kalkaroo and long-term capacity are adding to the general disappointment.

Macquarie highlights Boss has "**identified potential challenges that may arise in achieving nameplate capacity**," which **is "largely due to the potential for less continuity of mineralisation and leachability.**"

The rise in cash costs resulted from an unexpected decline in average tenor and optimised lixiviant chemistry (lixiviant is injected into the ground to dissolve uranium from the ore body), Citi explains.

Morgan Stanley expects **"meaningful"** EPS downgrades for the stock as analysts update views and projections in the aftermath.

Following on from Citi's first impressions, the broker lowers its earnings forecasts for Boss Energy by -33% and -13% for FY26/FY27 on higher unit costs. A rise in sustaining capex and long-term costs lowers the estimated NPV by -14% to $2.65.

Due to the sharp share price fall, the stock remains Buy rated, with a decline in the target price to $2.70.

Shaw and Partners observes Boss' 4Q25 update was broadly in line with expectations, excluding sales of only 100klbs which were below forecast and largely underpinned a downgrade in FY25 earnings (EBITDA) by -16% from the analyst.

Production guidance for FY26 was as anticipated at 1.6mlbs, but cash cost guidance at US$27-US$29/lb is higher than Shaw and Partners' estimate of US$24/lb, and all-in sustaining costs of US$41-US$45/lb compare to the analyst's forecast of US$41/lb.

The company's comment **"Boss has identified potential challenges that may arise in achieving nameplate capacity as previously outlined in the EFS"** superseded the other updates, with management appointing an independent expert panel to review its operations.

Timeline on the review is uncertain. Shaw and Partners has downgraded net profit after tax forecasts by -18% for FY25, -7% for FY26 and -18% for FY27.

The stock remains Buy, high risk rated, with a $2.88 target price. The share price decline of -44% is viewed as overdone.

Higher U308 prices needed for Deep Yellow's final investment decision

Deep Yellow's ((DYL)) June quarter update showed further progress at Tumas, with Canaccord Genuity highlighting management waits for higher U3O8 prices to underpin the final investment decision.

Bell Potter noted Ausenco's ongoing detailed engineering for the plant, with most areas of the project somewhere between 34%-52% complete.

The miner has eight contracts awarded for US$30m in value and an additional four approved for award with a US$10m value. Final negotiations are ongoiing with mining contractors. The targeted start date is late in 2026.

The broker believes further upside to the share price beyond the U3O8 spot price stems from de-risking of Tumas towards development and optimisation of the mine schedule, with ore reserves sufficient for 30 years of operation.

Bell Potter asserts Deep Yellow could sustain mining production levels of 3.6mlbs p.a. for several years on increased capacity of 4.5mtpa to 5mtpa or higher grades from FY30 onwards.

The latter broker's target price rises to $1.85 alongside a Speculative Buy rating.

Canaccord Genuity also has a Speculative Buy rating, with a $1.61 target price.

Uranium price forecasts and what happened in the U308 markets

US-based wealth manager Stifel updated its spot price U3O8 outlook for 3Q2025 to US$75/lb, with a 2025 U3O8 spot price forecast at US$73.21/lb.

The analyst retains a long-term price forecast at US$105/lb and believes long-term price contracts remain the dominant influence on the market, despite the volatility in the spot price market over the June quarter.

Industry consultants TradeTech reported an unchanged U3O8 spot price for last week at US$71/lb, with six transactions conducted in the spot market.

The spot price rose last Tuesday to US$72.75/lb, then slipped to US$72.25 on Wednesday before retreating to US$71/lb on Thursday.

Each of the six transactions was for delivery of 50klbs of U3O8, which is below the "normal" transaction volume of 100klbs, the consultants point out.

In the longer-term U3O8 market demand remains stable. One transaction was reported in the term market and one producer secured a commitment with a utility to deliver material over a five-year period at prices reflected through TradeTech's Long-Term price indicator at US$80/lb. The TradeTech Mid-Term price indicator stands at US$83/lb.

One utility seeking 50k–200klbs of U3O8 per annum for delivery between 2028 and 2031 has finished its evaluation and is in discussions with a shortlist of suppliers.

Another utility is awaiting offers for a formal Request for Proposals on July 18 for up to 400klbs of U3O8 annually between 2029 and 2033, with an optional 300klbs per annum between 2034 and 2036. Offers are requested to be submitted no later than July 31.

A US utility is seeking 500klbs of U3O8 for delivery between 2029 and 2033. TradeTech highlights other utilities are moving to secure future supply in the mid to long-term markets.

<u>Nuclear energy plant a fillip for the UK eonomy</u>

In macro news, the UK government gave final approval on July 22 for the new Sizewell C Nuclear Power Plant, which will be able to generate power for the equivalent of six million homes and support 10,000 jobs at peak construction.

The two-unit Sizewell C plant in eastern England is expected to cost GBP38bn to build and should to be in service commercially in the 2030s. The targeted cost is some -20% below the replica Hinkley Point C and is part of the UK government's Plan for Change to boost economic growth.

The UK government will take a 44.9% stake and become the largest shareholder. Other shareholders include Canadian pension fund La Caisse with 20%, and French energy company EDF with a 12.5% interest.

<u>Short interests trundle along</u>

For the week ending July 22, the most recent data available through ASIC, Paladin retained the highest short interest on the ASX at 16.42%, with Boss Energy dropping to third from second position at 13.75%, down -0.88% on the week.

Deep Yellow sits at twelfth position at 8.45%, and Lotus Resources ((LOT)) at 7.56%, down -0.74% on the week.

For more weekly U308 updates at FNArena:

https://fnarena.com/index.php/2025/07/22/uranium-week-utilities-swing-into-gear/

https://fnarena.com/index.php/2025/07/15/uranium-week-sprott-bump-no-more/

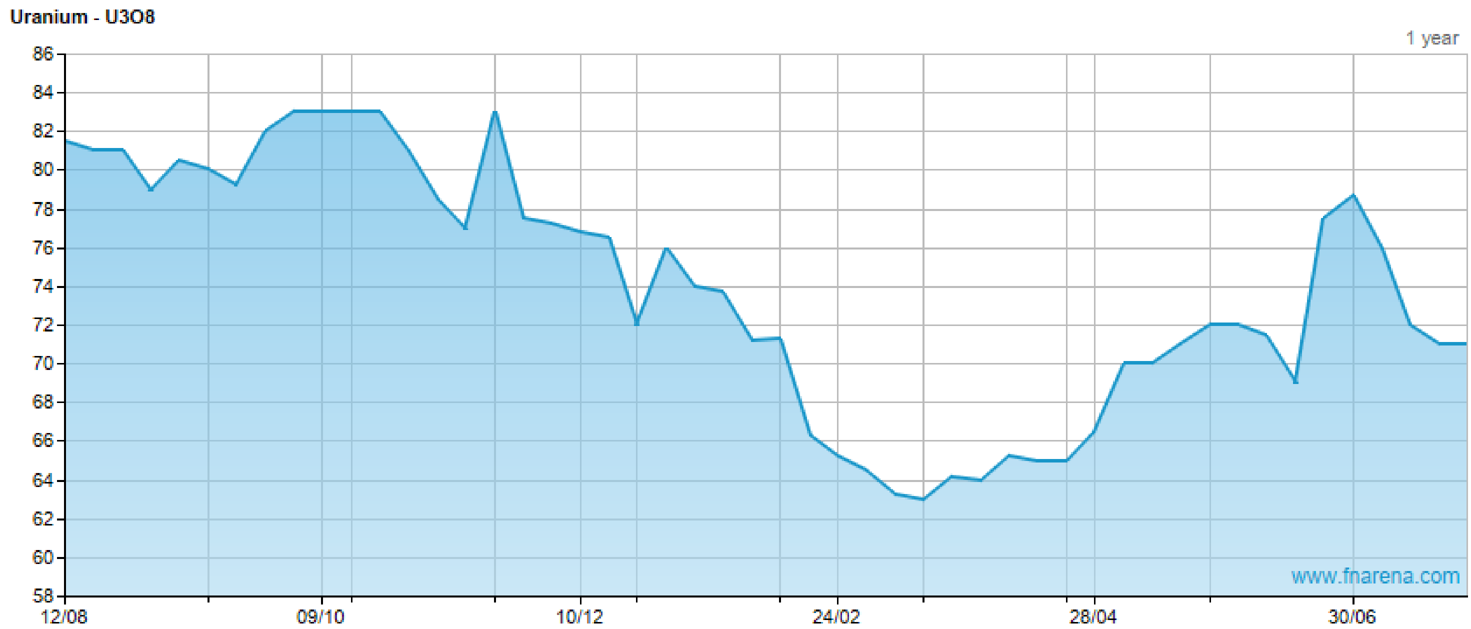
https://fnarena.com/index.php/2025/07/08/uranium-week-u3o8-spot-price-poised-to-fall/

https://fnarena.com/index.php/2025/07/01/uranium-week-ai-tech-fuses-with-nuclear/

<u>Uranium companies listed on the ASX:</u>

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	25/07/2025	0.0500	0.00%	$0.08	$0.03			
AEE	25/07/2025	0.1600	0.00%	$0.19	$0.10			
AGE	25/07/2025	0.0200	0.00%	$0.05	$0.02		$0.070	▲250.0%
AKN	25/07/2025	0.0100	0.00%	$0.02	$0.01			
ASN	25/07/2025	0.1100	0.00%	$0.12	$0.04			
BKY	25/07/2025	0.5400	▼- 8.62%	$0.67	$0.30			
BMN	25/07/2025	2.8100	▲ 2.66%	$3.68	$1.76		$4.700	▲67.3%
BOE	25/07/2025	1.9700	▼-11.23%	$4.75	$1.88	124.6	$3.973	▲101.7%
BSN	25/07/2025	0.0200	0.00%	$0.06	$0.01			
C29	25/07/2025	0.0200	0.00%	$0.13	$0.01			
CXO	25/07/2025	0.1100	0.00%	$0.14	$0.06		$0.110	

CXU	25/07/2025	0.0100	0.00%	$0.03	$0.01			
DEV	25/07/2025	0.0800	▼-11.11%	$0.27	$0.07			
DYL	25/07/2025	1.6500	▼- 2.17%	$1.87	$0.75	-336.0	$1.940	▲17.6%
EL8	25/07/2025	0.2600	▼- 3.57%	$0.42	$0.19			
ERA	25/07/2025	0.0020	0.00%	$0.03	$0.00			
GLA	25/07/2025	0.0100	0.00%	$0.02	$0.01			
GTR	25/07/2025	0.0040	0.00%	$0.01	$0.00			
GUE	25/07/2025	0.0700	0.00%	$0.10	$0.05			
HAR	25/07/2025	0.0900	0.00%	$0.09	$0.03			
I88	25/07/2025	0.1300	▲18.18%	$0.73	$0.08			
KOB	25/07/2025	0.0400	0.00%	$0.18	$0.03			
LAM	25/07/2025	0.7200	▼- 3.66%	$0.90	$0.48			
LOT	25/07/2025	0.1800	▲ 5.26%	$0.32	$0.13		$0.328	▲81.9%
MEU	25/07/2025	0.0400	0.00%	$0.06	$0.03			
NXG	25/07/2025	10.9900	▲ 3.53%	$13.53	$6.44		$12.925	▲17.6%
ORP	25/07/2025	0.0400	0.00%	$0.07	$0.02			
PDN	25/07/2025	6.9000	▼- 9.63%	$13.27	$3.93	-131.5	$8.986	▲30.2%
SLX	25/07/2025	4.7500	▲ 9.34%	$6.62	$2.28		$6.500	▲36.8%
TOE	25/07/2025	0.2100	▲ 5.00%	$0.36	$0.15			
WCN	25/07/2025	0.0300	0.00%	$0.04	$0.01			



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FNArena is proud about its track record and past achievements: [Ten Years On]

WEEKLY REPORTS

The Short Report - 31 Jul 2025

FNArena's weekly update on short positions in the Australian share market.

See **Guide** further below (for readers with full access).

Summary:

Week Ending July 24th, 2025 (most recent data available through ASIC).

10%+

PDN	16.96%
PLS	15.21%
BOE	13.32%
MIN	13.05%
LTR	12.68%
LIC	11.75%
IEL	11.72%
SLX	11.13%
PNV	10.86%
CTD	10.14%

9.0-9.9%

CU6	9.22%

8.0-8.9%

DYL	8.49%
PWH	8.09%

Out: LOT

7.0-7.9%

LOT	7.51%
NAN	7.43%
IGO	7.14%

In: LOT
Out: RMS

6.0-6.9%

NXT	6.96%
KAR	6.93%
BGL	6.65%
ILU	6.59%

VEA 6.47%
RMS 6.35%
GYG 6.33%
IPX 6.22%
RIO 6.07%

In: ILU, RMS, RIO
Out: MSB

5.0-5.9%

MSB 5.87%
LYC 5.67%
CTT 5.67%
DMP 5.65%
NCK 5.61%
BRG 5.60%
TLX 5.48%
STX 5.42%
WHC 5.39%
GMD 5.27%
FLT 5.22%
PEN 5.19%

In: MSB
Out: CUV, NEU, VUL, NVX, RIO, IMU, CHN

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.4	0.5	NAB	0.6	0.6
ANZ	0.5	0.5	QBE	0.3	0.3
BHP	0.8	0.7	RIO	6.1	5.4
BXB	0.7	0.7	STO	0.3	0.4
CBA	0.7	0.7	TCL	0.4	0.5
COL	0.3	0.3	TLS	0.3	0.3
CSL	0.7	0.5	WBC	0.6	0.6
FMG	1.6	1.3	WDS	3.4	3.6
GMG	0.8	0.7	WES	0.4	0.4
MQG	0.6	0.7	WOW	0.8	0.9

To see the full Short Report, please go to this link

Guide:

The Short Report draws upon data provided by the Australian Securities & Investment Commission (ASIC) to highlight significant weekly moves in short positions registered on stocks listed on the Australian Securities Exchange (ASX). Short positions in exchange-traded funds (ETF) and non-ordinary shares are not included. Short positions below 5% are not included in the table below but may be noted in the accompanying text if deemed significant.

Please take note of the Important Information provided at the end of this report. Percentage amounts in this report refer to percentage of ordinary shares on issue.

Stock codes highlighted in green have seen their short positions reduce in the week by an amount sufficient to move them into a lower percentage bracket. Stocks highlighted in red have seen their short positions increase in the week by an amount sufficient to move them into a higher percentage bracket. Moves in excess *of one percentage point or more are discussed in the Movers & Shakers report below.*

IMPORTANT INFORMATION ABOUT THIS REPORT

The above information is sourced from daily reports published by the Australian Investment & Securities Commission (ASIC) and is provided by FNArena unqualified as a service to subscribers. FNArena would like to make it very clear that immediate assumptions cannot be drawn from the numbers alone.

It is wrong to assume that short percentages published by ASIC simply imply negative market positions held by fund managers or others looking to profit from a fall in respective share prices. While all or part of certain short percentages may indeed imply such, there are also a myriad of other reasons why a short position might be held which does not render that position "naked" given offsetting positions held elsewhere. Whatever balance of percentages truly is a "short" position would suggest there are negative views on a stock held by some in the market and also would suggest that were the news flow on that stock to turn suddenly positive, "short covering" may spark a short, sharp rally in that share price. However short positions held as an offset against another position may prove merely benign.

Often large short positions can be attributable to a listed hybrid security on the same stock where traders look to "strip out" the option value of the hybrid with offsetting listed option and stock positions. Short positions may form part of a short stock portfolio offsetting a long share price index (SPI) futures portfolio – a popular trade which seeks to exploit windows of opportunity when the SPI price trades at an overextended discount to fair value. Short positions may be held as a hedge by a broking house providing dividend reinvestment plan (DRP) underwriting services or other similar services. Short positions will occasionally need to be adopted by market makers in listed equity exchange traded fund products (EFT). All of the above are just some of the reasons why a short position may be held in a stock but can be considered benign in share price direction terms due to offsets.

Market makers in stock and stock index options will also hedge their portfolios using short positions where necessary. These delta hedges often form the other side of a client's long stock-long put option protection trade, or perhaps long stock-short call option ("buy-write") position. In a clear example of how published short percentages can be misleading, an options market maker may hold a short position below the implied delta hedge level and that actually implies a "long" position in that stock.

Another popular trading strategy is that of "pairs trading" in which one stock is held short against a long position in another stock. Such positions look to exploit perceived imbalances in the valuations of two stocks and imply a "net neutral" market position.

Aside from all the above reasons as to why it would be a potential misconception to draw simply conclusions on short percentages, there are even wider issues to consider. ASIC itself will admit that short position data is not an exact science given the onus on market participants to declare to their broker when positions truly are "short". Without any suggestion of deceit, there are always participants who are ignorant of the regulations. Discrepancies can also arise when short positions are held by a large investment banking operation offering multiple stock market services as well as proprietary trading activities. Such activity can introduce the possibility of either non-counting or double-counting when custodians are involved and beneficial ownership issues become unclear.

Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions. The figures provided by ASIC and by the ASX at any point do not necessarily correlate.

FNArena has offered this qualified explanation of the vagaries of short stock positions as a warning to subscribers not to jump to any conclusions or to make investment decisions based solely on these unqualified numbers. FNArena strongly suggests investors seek advice from their stock broker or financial adviser before acting upon any of the information provided herein.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

FNArena is proud about its track record and past achievements: Ten Years On

WEEKLY REPORTS

In Brief: TechnologyOne, Gentrack & Northern Star

In Brief highlights how a quality stock attracts a premium rating while competition and expansion gnaw at a small cap and a major miner.

-Jarden sees more upside in TechnologyOne than the market
-Is Kracken's push into A&NZ markets at Gentrack's expense?
-Northern Star's share price hit by rising costs and higher capex

By Danielle Ecuyer

This week's quote comes from Mark Zuckerberg, Meta

"Over the last few months we have begun to see glimpses of our AI systems improving themselves. The improvement is slow for now, but undeniable. Developing superintelligence is now in sight.

It seems clear that in the coming years, AI will improve all our existing systems and enable the creation and discovery of new things that aren't imaginable today."

<u>Upside risk to earnings with a potential boost from AI</u>

Jarden is the latest broker to initiate coverage of TechnologyOne ((TNE)) with an Overweight (Buy-equivalent) rating and a $44.82 target price.

For context, that is 10% higher than targets set by UBS at $42.20 and Wilsons at $40.99. The daily monitored brokers' consensus target is $37.582, which begs the question: what does the Jarden analyst see that others apparently do not?

Scrolling through the list of positives is enough to make the CEO blush. Jarden is positively effusive about TechnologyOne, starting with the all-important qualification: the company is “one of the higher-quality companies” in the broker’s tech coverage.

The list grows to include:

-One of the best-in-class Rule of 40 financial metrics, commonly used to evaluate the performance of software-as-a-service (SaaS) and other high-growth technology companies.

The Rule of 40 equals revenue growth as a percentage plus EBITDA margin as a percentage, to come in above forty.

-Robust net recurring revenue track record.

-Pricing power, mission-critical software, and defensive end-market customers such as schools and councils.

Jarden views the total addressable market for the company to be around three to four times larger than the A&NZ markets, with the UK government trying to make up for lost ground on adoption of best-in-class tech relative to peers. Council mergers offer medium-term upside, though there are some near-term delays in procurement decisions.

Jarden expects TechOne can achieve annual recurring revenue of $1bn by FY29, a year earlier than guidance, with the company well-positioned to benefit from the launch of new, augmented AI products.

SaaS-plus is identified as offering the potential to transform TechOne by de-risking implementation and avoiding problems, thereby improving conversion to the offering. It leverages more deals through the same number of consultants by a factor of three to reduce pipeline bottlenecks and improve operating leverage.

Jarden’s net profit after tax forecasts sit around 2%-5% above consensus estimates. The often-questioned issue of the stock's valuation is qualified by the analyst as "justified", due to the quality, potential earnings upside risks, and de-risked earnings forecasts.

Is Kraken cracking open the A&NZ markets?

Shareholders in Gentrack Group ((GKT)) have experienced a volatile ride over the last year, with the early December share price high of $13 now firmly in the rearview mirror.

Wilsons, who remains positive on the stock, was keen to point out UK Octopus-owned Kraken had seemingly forced its way into the domestic market by scooping up one of Gentrack's key customers.

Wilsons found the announcement disappointing (of course) and evidence, at the margin, that competition is rising for the smart meter operator. Gentrack reported an existing customer had removed it from the process to modernise that customer's existing billing solution.

Red Energy, with around 600k customers and over 1m meter points, is thought to be the one that got away. Red Energy had been using a legacy version of Velocity (its billing platform) and had been a customer for over ten years.

Kraken also pulled in Meridian (NZ) over Gentrack after writing off their internal solution. This was the first win for the offshore competitor in the A&NZ business-to-business sector.

The analyst believes Kraken will continue to concentrate on developed markets and is operating an aggressive strategy to "do whatever it takes" to justify its valuation, which is being targeted to incentivise new capital, with the mooted sale by Octopus Energy at an estimated valuation of GBP10bn, implying a total group value of more than GBP15bn.

Gentrack, in comparison, is seeking to expand into the rest of the world, including Europe and Southeast Asia. Management reiterated FY25 guidance at the update.

Wilsons has a target price of $11.21, compared to the FNArena consensus target of $12.833, with three Buy-equivalent ratings and one Hold-equivalent.

Northern Star's share price has dislocated from broker targets

Observing the Northern Star ((NST)) share price, which has literally fallen off a proverbial cliff from a high of $23.20 in April to around $15.50, coinciding with a -5% decline in the actual USD gold price, one is reminded just how volatile gold share prices can be.

Over the period, the FNArena consensus target price has been revised down to $19.993 from just under $23, a loss of some -15%.

For more details see stock analysis:
https://fnarena.com/index.php/analysis-data/consensus-forecasts/stock-analysis/?code=NST

In both instances, the share price reaction has far exceeded broker revisions and the underlying gold price movement as investors continue to grapple with ongoing cost challenges and negative surprises from increased requirements on capex that are still dominating the sector at large.

Canaccord Genuity raised Northern Star's price target to $24.10 from $23.95 this week post the gold miner's June quarter update.

Group sales for the miner were pre-reported at 444koz, up 15% on the prior quarter and in line with both Canaccord and consensus expectations. All-in-sustaining costs of $2,197/oz were slightly higher than the analyst's forecast at $2,109/oz and consensus' $2,147/oz.

Underlying free cash for the period at $211m was almost half of the broker's $404m estimate, due to slightly higher costs and exploration spending, along with expenditure at Hemi and cash tax.

Net cash for the period ended at $1.01bn, with liquidity around $3.4bn and cash/bullion of $1.9bn, a rise of $794m on the prior quarter. Some $663m in cash came forth with the De Grey Mining acquisition.

Management's FY26 guidance of 1.70–1.85Moz at all-in-sustaining costs of $2,300–$2,700/oz, which was offered earlier in the month, is higher than the broker's and consensus forecasts by 26% and 17%, respectively.

Northern Star attributed the increased costs to ongoing sector inflation (running around 5%) as well as other higher-cost imposts like sustaining and processing capital, higher gold price royalties, and increased Pogo tariff assumptions.

Growth in capex guidance came in above Canaccord's and consensus estimates by 47% and 21%, respectively, at

-$2.13bn–$2.27bn, due to the expansion at KCGM and the Hemi development.

Canaccord remains Buy rated, while daily monitored brokers have three Buy-equivalent ratings and three Hold-equivalent ratings.

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FNArena is proud about its track record and past achievements: Ten Years On

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 01-08-25

A summary of the highlights from Broker Call Extra updates throughout the week past.

Broker Rating Changes (Post Thursday Last Week)

Upgrade

BAPCOR LIMITED ((BAP)) Upgrade to Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

Bapcor provided a disappointing trading update with FY25 net profit forecast of $81-82m well below Canaccord Genuity's $97.7m forecast and $96.4m consensus.

The company also flagged -$45m mainly non-cash write-downs which is in addition to -$4.7m in 1H25. The broker believes the company's turnaround story will likely be heavily weighted to the back end of the five-year timeframe.

Another concerning news was resignation of three board member, but the broker believes some of it is mitigated by the change in structure, though more clarity is required. The company can become a target again but a formal offer is seen as less likely.

FY25 EPS forecast cut by -16.3% and FY26 by -21.3%. Target trimmed to $4.15 from $4.99. Rating upgraded to Buy from Hold.

CORE LITHIUM LIMITED ((CXO)) Upgrade to Speculative Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity has revised its outlook for the lithium sector from a conservative to a more positive outlook.

The broker believes demand is much stronger than previously expected, and for the first time since 2022, it expects demand growth to exceed supply growth.

SC6 price forecast lifted by 6% for 2025, 5% for 2026 and 22% for 2027.

In the case of developer/explorer coverage, the broker's target price reduced by an average -5% due to project/financing delays and dilution from capital raising.

Core Lithium's rating upgraded to Speculative Buy from Hold. Target rises to 15c from 10c.

ILUKA RESOURCES LIMITED ((ILU)) Upgrade to Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

Iluka Resources' June quarter production for zircon, rutile and synthetic rutile beat both Canaccord Genuity and the consensus forecasts significantly due to better-than-expected zircon sand volumes.

Sales were a small beat vs the broker's estimate as higher zircon sales offset lower synthetic rutile sales on shipping timing, but missed consensus. Average realised prices were n line with guidance for zircon but rutile was lower -3% q/q.

Net debt was lower than expected due to lower capex spend, but the broker expects this to be made up in 2H25. The broker believes the company is on track to achieve previously flagged FY25 guidance but notes market outlook for its products remains subdued.

Target rises to $5.85 from $4.40 after factoring in June quarter results and de-risking Eneabba project valuation. Rating upgraded to Buy from Hold.

MAYNE PHARMA GROUP LIMITED ((MYX)) Upgrade to Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity has had another look at forecasts for Mayne Pharma following an end to the Bloomberg script data hiatus and after considering management guidance.

The outcome is a -14% cut to FY25 dermatology revenue forecast and a -25% cut to FY26. Total revenue forecasts for FY25-26 was lowered by -7% and -10%, respectively.

The main question is what happens to the share price if the Cosette transaction falls over and the company's readiness to accept any lower offer. The broker reckons the share price will trade very weak if the deal doesn't proceed.

Target cut to $6.10 from $7.40. Rating upgraded to Buy from Hold.

OFX GROUP LIMITED ((OFX)) Upgrade to Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

OFX Group's 1Q26 net operating incomes was up 11% q/q, and pointed to $220m annualised vs Canaccord Genuity's forecast of $216m.

The broker assesses the update as incrementally positive based on the outlook for the global new client platform NCP which showed migrated clients increased their FX activity by over 10% in June.

The broker left net operating income forecasts unchanged but lifted FY26 EBITDA forecast by 5% on confidence around unit economics from the NCP rollout.

Target rises to $1.10 from $1.00. Rating upgraded to Buy from Hold.

Downgrade

BLUESCOPE STEEL LIMITED ((BSL)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Jarden downgrades BlueScope Steel to Neutral from Overweight due to the share price outperformance and risk to FY26 earnings.

The analyst anticipates BlueScope will achieve slightly better 2H25 earnings before interest and tax, with US spreads at US$405/t against guidance of US$340/t, but upside risks could be constrained by economic uncertainty affecting demand and tariff impacts.

The company retains a strong balance sheet with estimated net cash of $56m and net debt targets of $400m–$800m.

Target price slips to $25 from $25.30.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Hold from Buy by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity notes Lynas Rare Earths' June quarter production beat its forecast and average pricing for REO sales was 13% higher than its forecast and up 20% q/q.

Cash cost, however, was higher than expected due to spillover from March and as Kalgoorlie is no longer capitalised, resulting in lower-than-expected closing cash balance.

The broker is more focused on FY26 where it expects significantly higher volumes and pricing. Target lifted to $9.65 from $8.80. Rating downgraded to Hold from Buy on valuation.

SUPPLY NETWORK LIMITED ((SNL)) Downgrade to Hold from Buy by Moelis.B/H/S: 0/0/0

Supply Network reported preliminary FY25 results, which came in slightly below Moelis' and consensus forecasts.

Revenue grew around 15% on the previous year, which is below the compound average rate of circa 23% between FY22–FY24, but marginally above the long-term average of around 14% per annum.

Net profit after tax rose 20% to $39.7m, with a 2H25 dividend of 38c per share, for a total 70c dividend.

Management guided to FY26 revenue of $50m, representing 14.4% growth on FY25. Moelis doesn't believe there were any changes to the company's competitive position.

Rating downgraded to Hold from Buy on valuation grounds. Target price set at $40.10.

LOTTERY CORPORATION LIMITED ((TLC)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Jarden downgrades Lottery Corp to Neutral from Overweight, with a lower target price of $5.30 from $5.35, due to the stock's recent outperformance.

The company has appointed a new CEO, Wayne Pickup, who will replace Ms van der Merwe. He brings significant experience in the industry, having served as CEO of Allwyn's North America business and CEO of Lotto NZ, the analyst details.

Lottery Corp is due to report FY25 earnings on August 20, with aggregate jackpot levels having improved from the soft, below-trend period in 1H25.

Jarden believes consensus earnings downgrades have mitigated much of the risk to the FY25 earnings announcement.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BAPCOR LIMITED	Buy	Neutral	Canaccord Genuity
2	CORE LITHIUM LIMITED	Buy	Neutral	Canaccord Genuity
3	ILUKA RESOURCES LIMITED	Buy	Neutral	Canaccord Genuity
4	MAYNE PHARMA GROUP LIMITED	Buy	Neutral	Canaccord Genuity
5	OFX GROUP LIMITED	Buy	Neutral	Canaccord Genuity
Downgrade				
6	BLUESCOPE STEEL LIMITED	Neutral	Buy	Jarden
7	LOTTERY CORPORATION LIMITED	Neutral	Buy	Jarden
8	LYNAS RARE EARTHS LIMITED	Neutral	Buy	Canaccord Genuity
9	SUPPLY NETWORK LIMITED	Neutral	Buy	Moelis

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ADT	Adriatic Metals	$5.69	Canaccord Genuity	6.00	5.50	9.09%
BAP	Bapcor	$3.86	Canaccord Genuity	4.15	4.99	-16.83%
BCI	BCI Minerals	$0.35	Canaccord Genuity	0.50	0.49	2.04%
BOE	Boss Energy	$1.74	Canaccord Genuity	3.50	5.15	-32.04%
			Canaccord Genuity	5.30	5.15	2.91%
BSL	BlueScope Steel	$23.77	Jarden	25.00	25.30	-1.19%
CU6	Clarity Pharmaceuticals	$4.37	Wilsons	8.50	8.25	3.03%
CXO	Core Lithium	$0.10	Canaccord Genuity	0.15	0.10	50.00%
CYL	Catalyst Metals	$5.10	Canaccord Genuity	7.90	7.85	0.64%
DYL	Deep Yellow	$1.51	Canaccord Genuity	1.98	1.61	22.98%
FMG	Fortescue	$17.77	Jarden	16.25	16.91	-3.90%
GDG	Generation Development	$6.06	Moelis	6.26	5.81	7.75%
GGP	Greatland Resources	$5.30	Jarden	5.70	6.20	-8.06%
GLN	Galan Lithium	$0.14	Canaccord Genuity	0.20	0.18	11.11%
			Petra Capital	0.42	0.36	16.67%
GT1	Green Technology Metals	$0.03	Canaccord Genuity	0.18	0.20	-10.00%
HLO	Helloworld Travel	$1.68	Jarden	2.80	2.61	7.28%
IGO	IGO Ltd	$4.43	Canaccord Genuity	4.80	3.60	33.33%
ILU	Iluka Resources	$5.15	Canaccord Genuity	5.85	4.40	32.95%
IMB	Intelligent Monitoring	$0.64	Moelis	0.92	0.91	1.10%
IMD	Imdex	$3.04	Canaccord Genuity	3.18	3.04	4.61%
KAR	Karoon Energy	$1.87	Jarden	2.15	2.10	2.38%
			Wilsons	2.14	2.04	4.90%
LTR	Liontown Resources	$0.78	Canaccord Genuity	0.95	0.50	90.00%
LYC	Lynas Rare Earths	$10.47	Canaccord Genuity	9.65	8.80	9.66%
MYX	Mayne Pharma	$4.95	Canaccord Genuity	6.10	7.40	-17.57%
NST	Northern Star Resources	$15.57	Canaccord Genuity	24.10	26.80	-10.07%
			Jarden	15.10	19.40	-22.16%
OBM	Ora Banda Mining	$0.65	Canaccord Genuity	1.05	1.20	-12.50%
			Moelis	0.85	0.92	-7.61%

OFX	OFX Group	$0.83	Canaccord Genuity	1.10	1.00	10.00%
PDN	Paladin Energy	$6.21	Canaccord Genuity	12.60	12.80	-1.56%
PLL	Piedmont Lithium	$0.12	Canaccord Genuity	N/A	0.35	-100.00%
PLT	Plenti Group	$1.10	Wilsons	1.44	1.32	9.09%
PMT	Patriot Battery Metals	$0.43	Canaccord Genuity	0.65	0.55	18.18%
PRU	Perseus Mining	$3.27	Canaccord Genuity	5.80	5.25	10.48%
REG	Regis Healthcare	$8.37	Jarden	8.05	7.74	4.01%
S32	South32	$2.94	Canaccord Genuity	2.70	2.60	3.85%
SFR	Sandfire Resources	$10.64	Canaccord Genuity	12.00	10.75	11.63%
SNL	Supply Network	$37.27	Moelis	40.10	39.10	2.56%
SYA	Sayona Mining	$0.02	Canaccord Genuity	N/A	0.05	-100.00%
TLC	Lottery Corp	$5.42	Jarden	5.30	5.35	-0.93%
VAU	Vault Minerals	$0.37	Canaccord Genuity	0.75	0.68	10.29%
			Jarden	0.50	0.59	-15.25%
			Jarden	0.55	0.59	-6.78%
			Moelis	0.73	0.75	-2.67%
VUL	Vulcan Energy Resources	$3.64	Canaccord Genuity	9.75	10.00	-2.50%
WDS	Woodside Energy	$26.59	Jarden	25.75	25.05	2.79%
WR1	Winsome Resources	$0.16	Canaccord Genuity	0.75	1.20	-37.50%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

ALK ALKANE RESOURCES LIMITED

Gold & Silver - Overnight Price: $0.76

Moelis rates ((ALK)) as Buy (1) -

Moelis Australia has reiterated a Buy rating and $1.15 price target on Alkane Resources after a solid Q4 and ahead of its merger with Mandalay Resources Corp.

June quarter production was 19.2koz (vs 19.4koz est), with sales at 18.5koz and AISC of $2,302/oz, aided by a $7.1m inventory credit. Full-year output reached 70.1koz, in line with forecasts.

Commentary notes merger finalisation is on track, with shareholder approval secured and only British Columbia court sign-off pending (due August 5). Moelis sees the combined group producing circa 170koz in FY26.

No changes to forecasts or valuation; the $1.15 target is maintained. Moelis views the merged entity as strategically positioned amid index pressure on peers, with capital flexibility, scale and near-term catalysts supporting a re-rating.

This report was published on July 31, 2025.

Target price is **$1.15** Current Price is **$0.76** Difference: **$0.39**
If **ALK** meets the Moelis target it will return approximately **51%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **0.00** cents and EPS of **5.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.33**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **13.40** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **5.67**.

Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GLF GEMLIFE COMMUNITIES GROUP

Infra & Property Developers – Overnight Price: $4.20

Wilsons rates ((GLF)) as Initiation of coverage with Overweight (1) –

Wilsons has initiated coverage of Gemlife Communities with an Overweight rating and target price of $4.94.

The broker believes the company is well positioned to benefit from a favourable demand backdrop and generates attractive and stable home build margins.

Importantly, it is well-capitalised and under base case, gearing is expected to reach 29% by FY27 — the midpoint of management 25-35% target.

The broker's FY25 and 1H26 forecasts are in line with the IPO prospectus with 21% EPS growth estimated in FY26 and 14% in FY27.

Key risks to the share price include delays or shortfalls in home settlement volumes and any covenant pressure on the balance sheet.

This report was published on July 25, 2025.

Target price is **$4.94** Current Price is **$4.20** Difference: **$0.74**
If **GLF** meets the Wilsons target it will return approximately **18%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Wilsons forecasts a full year **FY25** dividend of **1.10** cents and EPS of **22.60** cents.
> At the last closing share price the estimated dividend yield is **0.26%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **18.58**.

Forecast for FY26:

> Wilsons forecasts a full year **FY26** dividend of **1.60** cents and EPS of **27.40** cents.
> At the last closing share price the estimated dividend yield is **0.38%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.33**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GTK GENTRACK GROUP LIMITED

Software & Services – Overnight Price: $9.97

Wilsons rates ((GTK)) as Overweight (1) –

Wilsons acknowledges the likely loss of a major customer, believed to be Red Energy, as a setback for Gentrack Group. The loss is attributed to aggressive competition from Kraken, which has been actively pursuing high-profile wins.

While competitive intensity has increased, particularly in developed markets, the broker believes Gentrack's international strategy remains intact. New contract wins are expected in Continental Europe and Southeast Asia.

The analysts highlight upside from the UK B2C water market, and sees recent investor reaction as overly driven by recency bias, overlooking recent renewals and the Utility Warehouse win.

Despite removing -$6m in revenue and around -$4m in earnings (EBITDA) from FY27 forecasts, Wilsons maintains Gentrack's growth outlook is supported by its differentiated regional focus and continued pipeline.

Wilsons retains an Overweight rating and lowers its price target to $11.21 from $11.82.

This report was published on July 28, 2025.

Target price is **$11.82** Current Price is **$9.97** Difference: **$1.85**
If **GTK** meets the Wilsons target it will return approximately **19%** (excluding dividends, fees and charges).
Current consensus price target is **$12.83**, suggesting upside of **28.7%**(ex-dividends)
The company's fiscal year ends in September.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **12.24** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **81.46**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **13.2**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **75.5**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **20.55** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **48.52**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **20.4**, implying annual growth of **54.5%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **48.9**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

KAR KAROON ENERGY LIMITED

Crude Oil - Overnight Price: $1.90

Jarden rates ((KAR)) as Overweight (2) -

Jarden reckons Karoon Energy is following a strategy of underpromising and overdelivering by leaving FY25 guidance unchanged despite strong performance in Brazil.

June quarter group production of 2.94mmboe was 1% ahead of the broker's forecast and 2% higher than the consensus. Revenue missed expectations but it was a timing issue,

The broker forecasts FY25 production of 8.2mmbbl vs guidance of 6.7-7.7mmbbl, and notes the company is progressing quickly to develop its discoveries, with Who Dat East expected to reach FID in late 2025/early 2026.

Target price lifted to $2.15 from $2.10 on bullish outlook on growth projects. Overweight retained.

This report was published on July 24, 2025.

Target price is **$2.15** Current Price is **$1.90** Difference: **$0.25**
If **KAR** meets the Jarden target it will return approximately **13%** (excluding dividends, fees and charges).
Current consensus price target is **$2.13**, suggesting upside of **12.2%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **7.89** cents and EPS of **30.46** cents.
At the last closing share price the estimated dividend yield is **4.15%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **6.24**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **20.2**, implying annual growth of **N/A**.

Current consensus DPS estimate is **4.8**, implying a prospective dividend yield of **2.5%**.
Current consensus EPS estimate suggests the PER is **9.4**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **6.80** cents and EPS of **26.91** cents.
At the last closing share price the estimated dividend yield is **3.58%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.06**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **23.4**, implying annual growth of **15.8%**.
Current consensus DPS estimate is **5.6**, implying a prospective dividend yield of **2.9%**.
Current consensus EPS estimate suggests the PER is **8.1**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.6**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

TNE TECHNOLOGY ONE LIMITED

IT & Support - Overnight Price: $40.30

Jarden rates ((TNE)) as Initiation of coverage with Overweight (2) -

Jarden initiates coverage on TechnologyOne with an Overweight rating and $44.82 price target. Despite an elevated valuation, the analysts believe it is justified by the company's quality, robust forecast earnings, and additional upside potential.

The broker believes the company is one of the highest-quality names in its technology coverage, citing best-in-class Rule of 40 metrics, consistent net revenue retention and pricing power. A defensible customer base reliant on mission-critical software is also noted.

The broker expects $1bn in annual recurring revenue (ARR) by FY29, one year ahead of guidance, with profit forecasts for FY25-27 sitting 2-5% above consensus forecasts.

Jarden sees medium-term earnings (EBITDA) upside potential if management launches new or augmented AI products, successfully executes its SaaS-Plus strategy, and sustains UK momentum.

The SaaS-Plus initiative is viewed by the analysts as transformational, helping to de-risk implementation, reduce pipeline congestion, and drive operational leverage.

This report was published on July 29, 2025.

Target price is **$44.82** Current Price is **$40.30** Difference: **$4.52**
If **TNE** meets the Jarden target it will return approximately **11%** (excluding dividends, fees and charges).
Current consensus price target is **$37.58**, suggesting downside of **-9.0%**(ex-dividends)
The company's fiscal year ends in September.

Forecast for FY25:

Jarden forecasts a full year **FY25** EPS of **43.30** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **93.07**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **42.2**, implying annual growth of **16.4%**.
Current consensus DPS estimate is **25.9**, implying a prospective dividend yield of **0.6%**.
Current consensus EPS estimate suggests the PER is **97.8**.

Forecast for FY26:

Jarden forecasts a full year **FY26** EPS of **52.90** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **76.18**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **50.0**, implying annual growth of **18.5%**.
Current consensus DPS estimate is **30.7**, implying a prospective dividend yield of **0.7%**.
Current consensus EPS estimate suggests the PER is **82.6**.

Market Sentiment: **0.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

VYS VYSARN LIMITED

Industrial Sector Contractors & Engineers – Overnight Price: $0.51

Wilsons rates ((VYS)) as Overweight (1) –

Wilsons continues to view sustainable water management as an "attractive" thematic, with Vysarn a leading supplier of water services against a backdrop of growing demand for solutions.

The company reported a FY25 trading update with profit before tax of $15m, compared to the analyst's forecast of $14.8m, and revenue higher than estimated at $108.5m versus Wilsons' $97.9m forecast.

Industrial activity was reported as robust, with a strong technology order book, Vysarn detailed, and the advisory division receiving its first scope of works with Sydney Water. FY26 profit before tax guidance was announced at $19.6m.

Overweight rating retained.

This report was published on July 28, 2025.

Target price is **$0.65** Current Price is **$0.51** Difference: **$0.14**
If **VYS** meets the Wilsons target it will return approximately **27%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **2.20** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **23.18**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **2.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **18.21**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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