WEEK 22

FNArena
FINANCIAL NEWS, ANALYSIS & DATA

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Friday, 29 May 2026

| Material Matters: EVs, Lithium & Aluminium

| Rudi's View: Lessons I Learned

| Symal Group's Expansion Story Gaining Traction

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AUSTRALIA

The Market In Numbers - 23 May 2026

The Market In Numbers: 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	23 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
NZ50	12991.310	0.20%	0.68%	0.61%	-4.11%	3.08%
All Ordinaries	8877.20	0.07%	-0.12%	2.23%	-1.61%	1.19%
S&P ASX 200	8657.00	0.30%	-0.10%	2.07%	-0.66%	1.34%
S&P ASX 300	8595.50	0.28%	-0.05%	2.19%	-1.00%	1.43%
Communication Services	1692.50	-2.37%	-1.75%	0.01%	-2.77%	-8.66%
Consumer Discretionary	3412.30	1.32%	0.17%	1.38%	-14.54%	-17.64%
Consumer Staples	11766.80	2.90%	-2.20%	-6.18%	1.28%	-2.90%
Energy	10766.20	2.58%	-2.69%	-5.29%	28.70%	24.10%
Financials	9296.50	2.13%	-2.72%	0.07%	-0.43%	-2.44%
Health Care	22948.00	1.32%	-9.37%	-17.23%	-32.09%	-44.84%
Industrials	8002.40	-2.24%	0.09%	1.67%	-5.02%	-3.80%
Info Technology	1733.50	-0.87%	-1.68%	11.35%	-19.53%	-40.24%
Materials	24266.70	-1.29%	6.90%	11.47%	14.89%	53.02%
Real Estate	3540.60	-1.43%	0.08%	8.21%	-10.73%	-9.18%
Utilities	9795.50	-3.65%	-6.19%	-6.50%	1.43%	7.15%
A-REITs	1643.40	-1.32%	0.38%	9.00%	-9.99%	-8.24%
All Technology Index	2776.70	-0.22%	-0.60%	9.09%	-18.25%	-31.34%
Banks	3955.30	2.91%	-4.52%	-3.87%	-2.78%	-1.67%
Gold Index	16189.30	-5.96%	-3.10%	-2.81%	-13.30%	40.08%
Metals & Mining	8428.60	-1.39%	6.92%	11.84%	15.99%	61.44%

The World

Index	23 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
FTSE100	10466.26	2.66%	0.84%	2.85%	5.29%	19.46%
DAX30	24888.56	3.92%	2.45%	9.74%	1.63%	4.09%
Hang Seng	25606.03	-1.37%	-0.66%	3.30%	-0.96%	6.37%
Nikkei 225	63339.07	3.14%	6.84%	24.04%	25.82%	56.44%
NZ50	12991.310	0.20%	0.68%	0.61%	-4.11%	3.08%
DJIA	50579.70	2.13%	1.87%	9.15%	4.57%	14.71%
S&P500	7473.47	0.88%	3.67%	14.47%	8.37%	20.44%
Nasdaq Comp	26343.97	0.45%	5.83%	22.02%	12.49%	29.33%

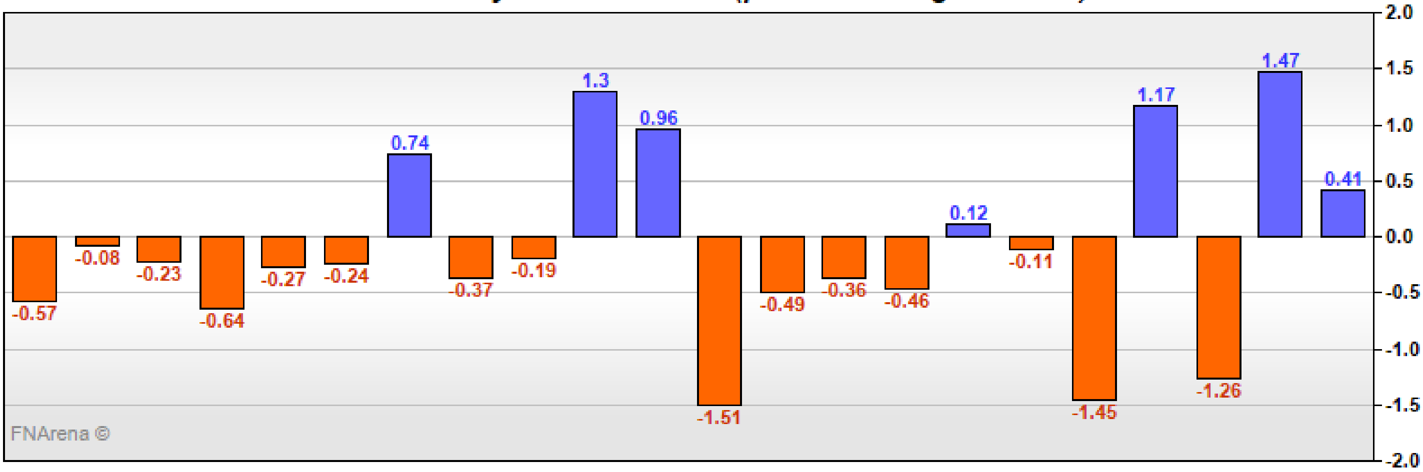
Metals & Minerals

Index	23 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
Gold (oz)	4544.20	-2.39%	-0.28%	0.13%	3.60%	37.61%
Silver (oz)	77.03	-8.32%	7.25%	9.86%	-1.15%	112.76%
Copper (lb)	6.3448	-3.58%	6.99%	15.68%	11.66%	24.52%
Aluminium (lb)	1.6507	-0.40%	4.50%	6.02%	23.42%	39.98%
Nickel (lb)	8.4120	-1.98%	-3.79%	9.03%	12.35%	23.35%
Zinc (lb)	1.5977	-1.76%	6.19%	10.02%	14.65%	26.55%
Uranium (lb) weekly	86.00	-0.29%	-0.29%	3.30%	4.88%	9.35%
Iron Ore (t)	109.79	-1.20%	2.46%	3.26%	2.48%	16.19%

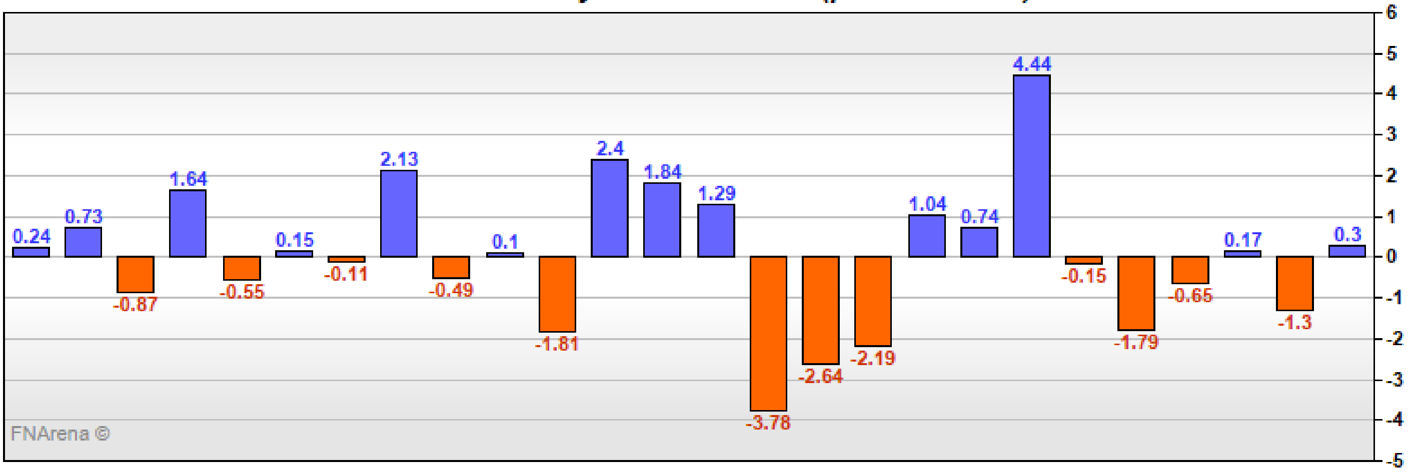
Energy

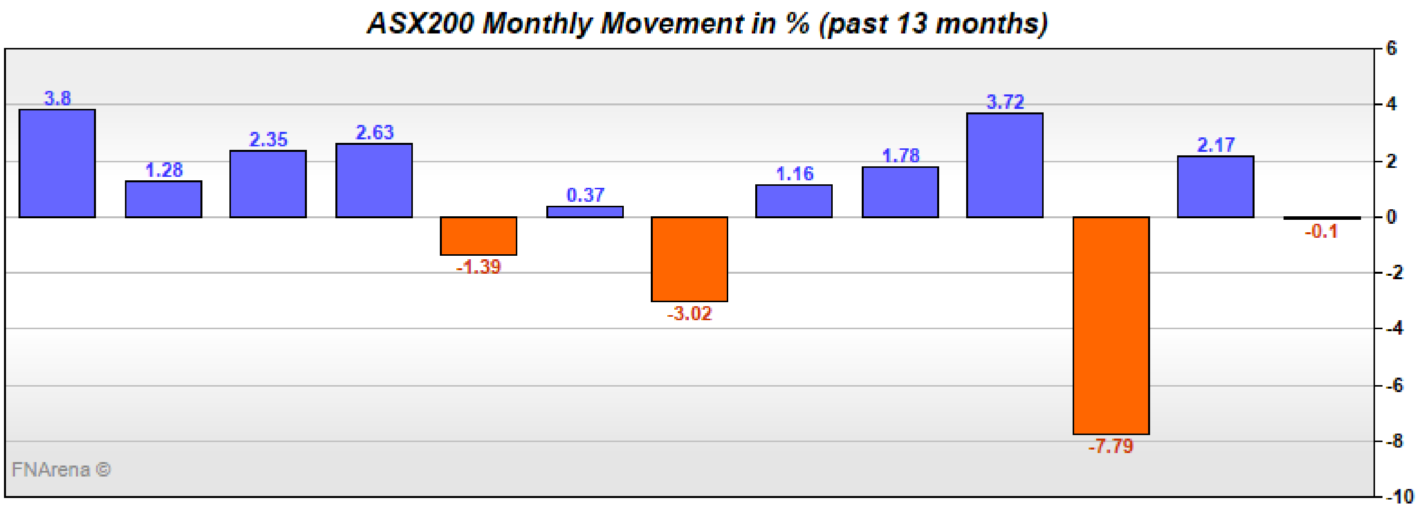
Index	23 May 2026	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
West Texas Crude	98.00	-3.94%	-9.32%	-6.65%	70.67%	49.57%
Brent Crude	104.84	-1.61%	-6.77%	-3.53%	72.29%	56.95%

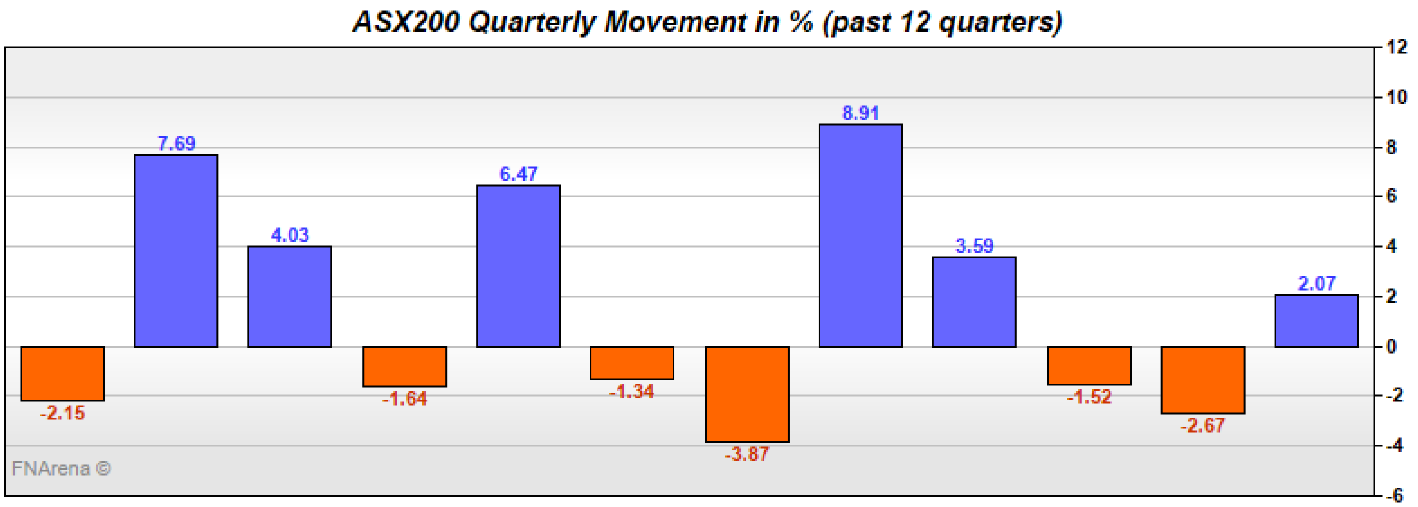
ASX200 Daily Movement in % (past 22 trading sessions)



ASX200 Weekly Movement in % (past 26 weeks)







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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AUSTRALIA

Is FY27 The Inflection Point For James Hardie?

James Hardie Industries' controversial Azek acquisition is beginning to deliver synergy benefits as management targets a broader FY27 earnings inflection.

- **Azek cost synergies ahead of schedule for James Hardie**
- **Siding business returns to growth, costs 'beat', FCF accelerates**
- **Management sees a long-term valuation opportunity**
- **Analysts generally agree valuation support is emerging**

By Mark Woodruff

James Hardie products

Shares in fibre cement building materials provider James Hardie Industries ((JHX)) continue to rally off near 52-week lows after management last week revealed FY26 results broadly in line with consensus forecasts and slightly ahead of prior guidance.

Volatile industry conditions are potentially stabilising, while the much-maligned Azek acquisition is showing promise.

Management is "making solid progress on the integration" of Azek and has exceeded its FY26 cost synergy target, lauding the long-term valuation opportunity from the combined entity.

James Hardie shareholders were not given a vote on the acquisition last year after management secured an ASX waiver from takeover rules, a move that frustrated many institutional investors who believed they were denied a say on a transformational transaction.

The controversy intensified because the acquisition coincided with James Hardie's plan to shift its primary listing to the NYSE, which some Australian investors viewed as reducing local shareholder influence and weakening governance protections.

Investor dissatisfaction eventually escalated into a board revolt, with several directors later voted out amid ongoing anger over the transaction and the subsequent share-price weakness.

Now, management is running ahead of schedule on Azek cost synergies, Macquarie highlights, with US$37m realised in FY26 and an implied FY26 exit run-rate of US$80m versus the original three-year target of US$125m.

Confidence in commercial synergies was also reiterated, with management expecting an incremental revenue contribution exit run-rate of around US$125m in FY27, from combining Azek with James Hardie's existing operations.

Despite freight-related cost pressures, Citi believes expenses across the group are being managed effectively via manufacturing consolidation, Azek synergy benefits and ongoing Hardie Operating System (HOS) initiatives.

The HOS framework is designed to improve productivity, reduce waste and drive operational cost efficiencies across the business.

Citi suggests the relatively narrow guidance range for FY27 may indicate trading conditions are stabilising and becoming less volatile.

Ord Minnett believes guidance is conservative.

Near term outlook for the core business

Management expects the Siding & Trim division to return to organic growth.

This segment is James Hardie's core fibre cement building products business, which primarily sells fibre cement siding and trim products under brands including HardiePlank and HardieTrim.

Siding refers to exterior wall cladding used on houses and buildings used in detached housing construction and renovation, while trim products are used around windows, doors, rooflines and corners for finishing and detailing.

The company's largest exposure is North America, where fibre cement products compete for market share with traditional materials such as vinyl, timber and brick.

Ord Minnett notes the North American fibre cement (NAFC) division has underperformed in recent years, with volumes lagging broader end-market demand growth.

This broker highlights management abandoned its previous practice of providing primary demand growth (PDG) and divisional volume forecasts after FY24, citing difficulty quantifying reliable estimates in a volatile market.

The company delivered average primary demand growth (PDG) of 5% annually between FY07 and FY24, although Ord Minnett highlights this has reversed to declines of around -6% in FY25 and -5% in FY26.

Management remains focused on the issue and is intensifying efforts to improve volume growth and defend market share.

Upside for the Azek business?

For the Decking business, here management expects an "above-market performance for the full year".

Decking products are outdoor flooring systems typically used for patios, backyards and outdoor entertainment areas.

Courtesy of the Azek transaction, James Hardie has expanded into these composite products designed as a low-maintenance alternative to traditional timber decking. Key brands include TimberTech and Azek Exteriors.

Compared with Siding & Trim, the Decking business has greater exposure to outdoor living and renovation trends, while the former is more closely tied to broader residential construction activity.

James Hardie primarily operates through two major business segments: North America Fibre Cement (NAFC) and Europe Building Products.

Following the Azek acquisition, management also increasingly references Decking, Railing and Accessories (DR&A), essentially the reporting segment created around the Azek business.

Management has guided to FY27 DR&A sales of US$1.11bn-US$1.15bn and earnings of US$333m-US$343m, which Morgans notes sits ahead of consensus expectations.

Early-buy orders and weather-related disruption left DR&A channel inventory elevated exiting the fourth quarter, Macquarie explains.

Management quantified the inventory overhang at around US$20m, with roughly half of the expected first quarter earnings decline linked to production cuts aimed at rebalancing channel inventory, while softer sell-through accounted for the remainder.

Macquarie points out DR&A is increasing investment ahead of planned synergy-driven channel expansion initiatives, creating near-term cost pressure ahead of the anticipated revenue rollout.

More broker views on FY26 results

FY26 net sales for James Hardie rose 25% to U$4.84bn, but organic net sales fell -2% as end markets declined mid-to-high single digits.

With pricing increasing by around 3%, Citi estimates this implies **a low-single-digit decline in volumes** alongside modest product-driven growth.

Cost performance is identified as the primary driver of the roughly 6.5% earnings beat against the broker's first quarter FY27 forecasts, with implied margins of around 34%, approximately 200 basis points above expectation.

On the flipside, the company flagged cost inflation pressures, which are expected to be more pronounced in the near term though largely offset through pricing and internal efficiency initiatives.

Certainly, cost control and operational execution remain solid, in Macquarie's opinion. Productivity benefits from operational improvements and plant optimisation initiatives include an upcoming US$25m benefit from site closures, helping offset softer volumes, this analyst suggests.

Underpinned by price, internal cost control and synergies, Morgans points out the company is targeting pro forma adjusted earnings growth of between 4%-8% in FY27.

Price growth of 3%-3.5% is expected, along with efficiency gains (1.5%) and incremental synergy realisations of between U$35m-US$40m, offsetting a decline in volumes, the broker highlights.

Guidance for total net sales is between U$5.25bn-US$5.41bn and total adjusted earnings of U$1.45bn-US$1.50bn.

FY27 should represent an inflection point, in this broker's view, as organic growth returns, pricing remains resilient, synergies accelerate and leverage trends back towards target levels.

James Hardie is a global leader in fibre cement building products, supplying siding, exterior cladding, backer board and related construction materials primarily for residential housing markets.

In 2024, the company significantly expanded its US exterior products footprint through the acquisition of Azek for -US$8.75bn, adding composite decking, railing and outdoor living products.

At the time, management noted ten million vinyl homes have been constructed over the last thirty years, and over 35m homes are aged between 20 to 40 years, a prime age for replacing or improving exterior sidings.

Macquarie thinks the integration of Azek is progressing well though believes the outlook for DR&A is soft.

Citi explains temporary channel disruption within the DR&A business is the key factor separating actual performance from what could otherwise have been materially stronger first quarter trading.

Capital management

Management anticipates net debt/EBITDA will decline to around 2.4x by the end of FY27, supported by a substantial increase in free cash flow (FCF) generation.

Net leverage at financial year's end was around 2.9x, with a target to reduce it to less than 2x by the second quarter of FY28.

Management highlighted the integrated Hardie/Azek salesforce as a key driver of free cash flow re-acceleration, with teams fully combined from April to support more coordinated cross-selling, deeper customer relationships and improved shelf penetration.

FY27 free cash flow is guided above US$500m, representing an increase of more than US$200m on the prior year, driven by higher earnings, the roll-off of most integration and transaction costs, and disciplined capital expenditure and working capital management, Morgans explains.

The board did not declare a dividend and currently has no plan to reinstate dividends for shareholders.

Outlook

Macquarie sees macroeconomic support from easing risk-free interest rates as a key driver of near-term share price performance.

In a similar vein, Ord Minnett suggests the share price would receive a boost from a resolution to the Middle East conflict and any subsequent fall in bond yields.

While the macro scene remains a headwind, business fundamentals and valuation remain attractive, in Macquarie's view.

While Azek leaves James Hardie more leveraged (operationally and financially) to the US housing consumer, Morgans highlights the business is trading on 16x FY27 forecast earnings, which the broker views is an undemanding valuation on trough-the-cycle earnings.

Ord Minnett also sees value emerging in James Hardie shares, although elevated earnings risk, ongoing macroeconomic and geopolitical uncertainty, and concerns around longer-term US housing demand underpin this broker's Hold recommendation.

Among the six daily monitored brokers researching James Hardie Industries in the FNArena database, there are four Buy-equivalent ratings and two Holds.

Following FY26 results, the consensus target price of these six has fallen to $37.35 from $39.14, implying circa 31.3% upside to the $28.45 closing share price on May 22.

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AUSTRALIA

Brambles' Cost Recovery Challenge

While Brambles faces network disruption and repair constraints delaying margin recovery, some analysts believe these issues will prove temporary.

- **Subcontractor exits trigger network disruption for Brambles**
- **Repair constraints may delay a potential margin recovery**
- **Measures to improve service levels and pallet availability**
- **As forecasts and target prices fall, two brokers downgrade their rating**

By Mark Woodruff

This story was originally published on 21 May 2026 with minor inaccuracies, which have now been resolved. Amendments include the focus on pallet repair quality (not on pallet quality), America and Western Europe accounting for 75% of group revenues in FY25 and 1H26 and management's plan to resolve US pallet repair capacity constraints by December 2026 (H1 FY27).

Brambles ((BXB)), the world’s largest pallet pooling operator, has historically demonstrated a strong ability to recover higher operating costs through pricing, even during weaker macroeconomic conditions.

Against this backdrop, management has been increasingly highlighting the need to improve pallet repair quality. Now this challenge has been exacerbated by network disruption tied to subcontractor capacity constraints in pallet repair operations.

This week's trading update update by management revealed two service centre subcontractors representing around 10% of volumes have decided to exit the network.

Central and Northeast markets in the US have been impacted, limiting CHEP’s ability to utilise the circa 4m pallets currently sitting unrepaired in storage.

In addition, ongoing cost-of-living pressures and broader economic weakness continue to weigh on demand conditions across Europe, Morgans observes.

Left with no other choice, management downgraded FY26 earnings (EBIT) growth expectations to 3%-5% from 8%-11%.

The share price cratered by around -20% on the day.

RBC Capital explains Brambles was a relatively crowded trade prior to the update and the market is now expected to adopt a more conservative stance on FY27 until management can demonstrate the cost headwinds have been resolved and outline a clear recovery pathway.

This time around, Macquarie believes Brambles will be unable to recover the additional contractor-related costs through pricing in the near term.

The Brambles business

Brambles operates a network of reusable pallets, crates and containers across more than 60 countries, primarily under the CHEP brand.

Macquarie highlights Brambles plays a critical role in global supply chains, working closely with manufacturers, producers, growers and retailers.

The company's largest end markets are fast-moving consumer goods (FMCG), beverages and fresh produce, which collectively contribute more than 75% of group revenue.

Geographically, Brambles has its greatest exposure to North America and Western Europe, which together accounted for more than 75% of revenue in FY25 and H1 FY26.

Current contractor issues are expected to cost around -US$60m in FY26, including approximately -US$40m in additional supply chain expenses, with the balance reflecting customer mix and volume impacts.

Management aims to spend a further -US$60m to purchase around 2m new pallets in the June quarter "to support customer service continuity" and expects "further purchases in the first half of FY27, subject to demand".

More takeaways from the trading update

Morgan Stanley views improving demand conditions in the second half of FY26 as encouraging and continues to regard current operational pressures as cyclical, with pricing expected to ultimately offset margin compression over time.

RBC adds Brambles experienced "higher than anticipated customer demand" from April, with management noting on the analyst call that organic growth would have been positive year-on-year absent the Service Centre disruptions.

This broker also highlights net new business momentum is ongoing, with sales teams expanding into regions unaffected by the operational issues.

Prior to the trading update, RBC believes the market's major concern focused on ongoing momentum for organic volume growth (which was confirmed) along with net new wins into the June quarter.

Management reaffirmed its FY28 margin expansion target of 300 basis points relative to FY24 and expects current fuel and transport inflation pressures to be progressively recovered through pricing over time.

Jarden remains more cautious than management given several unresolved risks.

These include limited visibility around the extent of cost carryover into FY27 and the potential for structurally lower margins in CHEP Americas as collection and repair functions are increasingly brought in-house.

Uncertainty around the group's ability to recover higher servicing costs through pricing while maintaining industry pricing discipline is seen as yet another risk.

Subcontractor issues

Morgans explains issues are driven by high turnover at service centres, labour shortages and elevated supply chain costs, including higher repair, handling, transport and storage expenses.

Higher pallet relocation and transport costs during a period of elevated fuel prices are being compounded by rising labour expenses as Brambles adds shifts and increases wage rates to expand repair capacity across the network

Management expects US pallet repair capacity constraints will prove temporary, targeting resolution by the end of H1 FY27, with improvement initiatives already underway.

While the company expects costs to be recoverable over time through contractual mechanisms, the issues appear material to Macquarie and unlikely to be resolved quickly.

Mitigating measures

To improve service levels and pallet availability, Brambles has increased pallet relocations, expanded repair capacity and purchased the above-mentioned 2m pallets in a supply-constrained market.

Macquarie expects network normalisation will extend to FY28, delaying the anticipated margin expansion trajectory.

While FY26 constant-currency revenue growth guidance has been reduced to 2%-3% from 3%-4%, it’s noted ongoing new business wins in the US and Europe continue to provide support.

Capital Management

The company also announced a new US$400m share buyback alongside narrowed FY26 free cash flow (FCF) guidance of US$1.0bn-US$1.1bn, from a prior range of US$950m-US$1.1bn.

While the additional buyback is positive, RBC explains it largely brings forward capital management the market had expected alongside the FY26 result this coming August.

Outlook

Given elevated near-term earnings risks, Morgan Stanley believes a multiple-based valuation approach is more appropriate than a blended methodology incorporating discounted cash flow (DCF) assumptions.

Accordingly, this broker lowers its valuation multiples for the Americas business and Europe.

The revised target price is based solely on a sum-of-the-parts (SOTP) valuation, implying 14x FY27 earnings, broadly in line with the company’s 10-year average multiple of 14.3x.

Provided the contractor issues prove temporary, as management expects, and the market is able to absorb higher pricing to offset increased servicing costs, Jarden sees an improved risk-reward profile emerging for the stock.

If contractor issues are resolved in line with management's expectations, Citi concurs positive sequential updates through the FY26 result and AGM should support momentum into year-end.

Combined with the scheduled Sustainable Plus initiative/program announcement in early 2027, which management has positioned as a key medium-term operational and margin improvement driver, this broker sees a pathway for the sthare price to recover performance over a relatively short period.

The average target of six daily covered brokers in the FNArena database researching Brambles has now fallen to $22.22 from $26.28, implying nearly 35% upside to yesterday's $16.47 closing price.

Ratings are split between two Buy-equivalent and four Neutral/Hold ratings, after both Morgans and Morgan Stanley downgraded in the post market update aftermath.

Outside daily coverage, Jarden lowers its target to $23.50 from $25.15 and retains an Overweight rating, midway between Hold and Buy on this broker's scale.

While RBC Capital provided commentary after the trading update, no change has yet been made to its original Outperform rating and $29.75 target.

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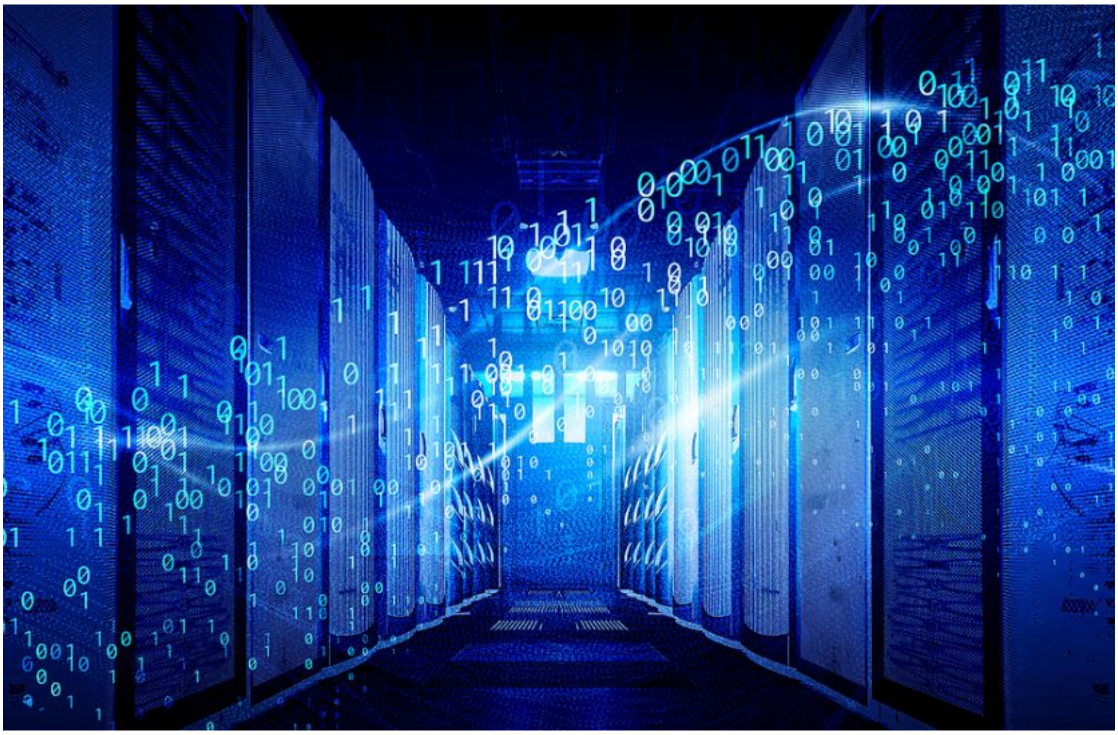
AUSTRALIA

CDC, Renewables Power Infratil's Potential

A strategic simplification of Infratil's corporate structure is paving the way for stronger growth from CDC and Longroad Energy's renewables platform amid rising AI demand.

- **CDC (data centres) is Infratil's dominant growth engine**
- **Longroad Energy positioned to leverage AI-driven power demand**
- **Portfolio simplification sharpens focus on core infrastructure assets**
- **Analyst see upside from strong AI demand and narrowing NAV discount**

By Danielle Ecuyer



Infratil's CDC operates in the tailwinds of AI growth

NZ-headquartered infrastructure investment company **Infratil** ((IFT)) has a diverse portfolio spanning Digital Infrastructure (Canberra Data Centres or CDC, One NZ, Kao Data and UK data centres), Renewables (Longroad Energy, Gurin Energy and Contact Energy), Healthcare, and Airports (Wellington Airport).

The portfolio, prior to ongoing restructuring, is overweight growth infrastructure, with 40% in data centres, 20% in mobile and higher-risk areas like global renewables.

Arguably, Infratil is positioned to leverage a swathe of infrastructure spending across megatrends shaping global economies, from AI (data centres) to growing energy demand.

Morgans explains management targets 11%-15% post-fee returns and has achieved 18.4% since inception in 1994. Management is aligned with NZ-based Morrison & Co, a well-recognised global infrastructure manager.

More under the surface of FY26 result

The market sold off the stock by -6% on the day of the FY26 earnings announcement. UBS reckons the response was likely due to disappointment no further contract signings were announced from CDC.

But, as outlined by Morgans, the result itself was robust, with net proportionate earnings (EBITDA) from ongoing operations up 11% y/y, beating expectations by 4%.

The portfolio asset value rose 13% to NZ$20.6bn, in line with expectations.

Other brokers view the release as broadly in line, albeit at the upper end of the guidance range.

CDC is lauded as the standout. This asset (49.75% owned) has become the powerhouse for Infratil, generating AU$393m in FY26 earnings (EBITDA).

Morgans expects CDC can generate around AU$700m in FY27 and over AU$1bn in FY28. The metrics quoted represent 100% of CDC in AUD, while Infratil owns slightly less than half and reports in NZD.

While the market may have snubbed the FY26 results due to a lack of new contract wins, it is remiss not to remember prior to the earnings release CDC had announced what analysts described as a *"massive"* 555MW contract win, not reflected in FY26 numbers.

The contract is the largest data centre contract signed in Australia to date and represents 40% of the country's existing operating capacity.

As highlighted at the Macquarie Conference, management explained Australia is well positioned for US hyperscalers looking to serve growing international demand as part of the Five Eyes Security Council and AUKUS Treaty.

As observed by Citi, the agreement takes CDC's contracted capacity to over 1GW. The customer is described as a US-based hyperscaler signing a 10-year agreement with renewal options of up to 20 years. Capacity is expected to come on stream over FY28-FY29.

From a funding perspective, debt is expected to be employed, with no equity raising. Citi emphasised management's stance no further equity will be needed to fund capex at the FY26 results.

Morgan Stanley emphasised the positive thesis on Infratil is based on a belief consensus forecasts underestimate structural demand for cloud services, compute power and AI models over the next one to three years.

As an aside, which speaks to Morgan Stanley's point, the latest media speculation suggests Anthropic CEO and co-founder Dario Amodei has been conducting a beauty parade to select an Australian-based data centre provider, with the intention of buying 300MW-500MW of compute capacity to train its LLMs.

Reportedly, Anthropic is also looking at investing in renewable energy.

CDC and Longroad represent upside potential

Macquarie detailed CDC contracting discussions are continuing well for signings in 1H27.

The current pipeline is around 2.9GW to the mid-2030s, excluding further medium and large-scale deployments. UBS concurs, with both brokers seeing an additional circa 1GW over the medium term as likely.

Morgans points to the current 1GW-plus of contracted capacity generating around AU$2bn in annualised earnings (EBITDA) by FY30 based only on signed contracts.

"It has upside," the analyst exclaims.

Dissecting the results further, UBS observes lower corporate costs offset small misses from CDC and One NZ. Morgans sees data centre strength offsetting weakness in NZ assets and mixed outcomes from renewables generation and storage assets across the US, Europe and Asia.

Digging deeper, Longroad Energy's (US renewables business) FY26 earnings (EBITDA) came in on a proportionate basis 7% above Macquarie's expectations and 1% higher than consensus. Longroad represents around 10% of the gross asset valuation.

Guidance at the midpoint implied a slight rise of 5% for FY27 earnings (EBITDA) and 170% growth above FY26 as construction is completed towards the end of FY27 and into FY28.

Morgans sees Longroad as well positioned to double earnings (EBITDA) over the next three years, highlighting the cadence of capacity has been upgraded to around 2GW from circa 1.5GW per annum prior to the result.

In 2025, there was 3.5GW of operating capacity and this is now expected to reach 9GW by 2029.

Citi detailed how Longroad is looking to become part of the data centre expansion thematic, with more than 4GW of grid-connected data centres co-located with Longroad solar-storage projects.

UBS agrees the outlook for Longroad is improving, with solar demand greater than supply in 2027 and beyond, while battery supply exceeding demand allows for lower-cost inputs.

Equally, UBS views the new data centre strategy leveraging property and interconnection queue advantages as an added positive.

All this growth comes at a cost, with Infratil agreeing to a US$300m equity injection over the next two years to support the build-out. Longroad is also acquiring a 2.8GW solar/battery project.

Macquarie comments CDC could be a possible partner.

Gurin Energy, which is awaiting approval for Project Vanda, is planning to export power from Indonesia to Singapore and is awaiting key sign-off from both governments, Morgans notes. Gurin represents 3% of Macquarie's gross asset valuation of Infratil.

Galileo is more challenged, with management stating renewable development outside the US has become more difficult.

"Power demand and prices haven't risen enough to offset higher project delivery and platform costs, as the complexity and duration of developments has increased in many of the markets where we operate. This has seen returns compress."

Galileo's difficult year saw a *"strategy reset in 2H26 to position Galileo as an independent power producer and take projects through construction and operations"*, as noted by Morgans, with Infratil's share at EU23.3m.

Brokers congregate around positive strategy update

Analysts were most enthralled by management's strategy. As outlined by Citi, as the third growth pillar after CDC and Longroad, management is seeking to simplify the business and targeting the divestment of a further NZ$1bn in assets, after the previously highlighted NZ$1bn program, of which NZ$600m has been completed.

By ***"pruning smaller, lower-return generating businesses (like radiology)"***, the Citi analyst stresses Infratil can concentrate on the core businesses of data centres and renewable energy.

Macquarie expects the portfolio company count to fall to 10 from 13 currently. Simplification is also anticipated to narrow the price-to-net asset value discount over time.

Regarding proportionate capex, this advanced 17% in FY26 and is forecast to rise 57% in FY27, above Morgans' expectations.

Macquarie points to slightly higher parent net debt of NZ$3.2bn.

Assessing Infratil's upside potential

Citi envisages ongoing upside to Infratil's net asset value and, like Macquarie, flags a narrowing of the discount to asset valuation as offering further share price upside.

Morgans raises FY27/FY28 proportionate earnings (EBITDA) forecasts by 18% and 26%, respectively. FY28 estimates largely reflect the 550MW contract win for CDC.

Macquarie tweaks EPS estimates and has a post-research restriction net asset value (target price) of NZ$17.13. CDC represents 55% of gross asset valuation.

UBS explains CDC's implied valuation of NZ$10bn represents a discount to NextDC ((NXT)) of around -20%. That discount has been as much as circa -30% in prior years. Given current growth rates, the discount could narrow to -10% or less, this broker suggests.

Compared to the AirTrunk sale in 2024, UBS' EV/contracted EBITDA valuation is 18x, or a -15% discount.

The target price is raised to NZ$17.25 from NZ$16.50. CDC now represents 42% of Infratil's net asset value. UBS believes CDC is executing at scale and becoming a leading global data centre operator.

Morgans explains the CDC stake was valued at NZ$8.9bn in FY26 before the 550MW contract win. This analyst estimates Infratil's net asset value at NZ$16.26 for March-end FY26, NZ$18.66 for March-end FY27 and NZ$21.84 for March-end FY28.

Morgans' target price is raised to AU$13.80 from AU$11.30, based on a -10% discount to NAV. Morgans notes management's aim to develop high-quality growth assets and target 11%-15% p.a. post-fee returns could result in a NAV uplift of 70%-100% over the next five years.

Citi is equally upbeat following management's earnings call and remains confident of further upside to NAV and the share price. A Buy rating is retained. Target price is lifted to NZ$18.59 from NZ$15.70 or AU$15.18 from AU$12.87.

Non-daily monitored broker Jarden has lowered its target price to NZ$17.15 from NZ$17.24 due to higher net debt and more shares on issue. A Buy rating is retained.

AUSTRALIA

TechnologyOne's AI Advantage

SaaS company TechnologyOne posted a slight revenue miss in its first half, but brokers shrug this off, focussing on the company's AI software.

- **TechnologyOne's interim slightly missed on revenue**
- **Record annual recurring revenue in the half**
- **Customer wins in government and education**
- **Nothing but praise and applause from analysts**

By Greg Peel

TechOne has convinced friend & foe AI will strengthen, not destroy its business moat

TechnologyOne ((TNE)) is Australia's largest enterprise Software as a Service (SaaS) company with offices across six countries, but the lion share of its revenues and profits are generated in Australia.

Enterprise software integrates processes such as finance, human resources, supply chain management, customer relationship management, analytics, and communication into a unified system, enabling organisations to operate efficiently and make data-driven decisions

TechnologyOne's global SaaS solution provides a deep functionality for governments, education, health and community services, asset intensive industries, and financial services.

The company's first half FY26 (September year-end) result was broadly consistent with consensus forecasts and guidance, albeit the group called out FX headwinds which weighed on an otherwise solid set of numbers.

A revenue increase of 11.5% year on year was around -3% below consensus while 12% earnings growth was in line.

Annual recurring revenue (ARR) of $598m was up 17% year on year, representing $43.4m of incremental ARR growth half on half. Management noted its underlying ARR growth during the half represented a record in constant currency terms, with FX causing a -2% headwind.

UK ARR grew 23% to $53.0m (9% of total ARR). UK new sales ARR was flat year on year at $4.1m, which Morgans understands was due to the timing of a large education customer win, which landed in early April.

The Good

Customer momentum was strongest in TechnologyOne's core verticals, Morgan Stanley notes, reinforcing the depth and defensibility of the company's sector-leading enterprise resource planning (ERP) model.

Local government ARR grew 27%, underpinned by Australian council wins at Cardinia, Liverpool, Salisbury and Ryde, while education ARR grew 15%, supported by a landmark ten-year, full-suite agreement with James Cook University in Australia on top of UK wins at University of Suffolk and Royal Holloway.

The standout commercial proof point, Morgans Stanley suggests, was City of Townsville, which returned after previously moving to a competitor, signing a new ten-year SaaS Plus agreement at a higher contract value than its prior deal.

Morgan Stanley views this as strong evidence that SaaS Plus is improving win rates and expanding contract value.

Saas Plus is the company's agentic AI ERP platform.

The Less Than Good

TechnologyOne's headline operating metrics were largely in line with consensus but this was not enough to impress the market, RBC Capital notes, which overlooked an even stronger underlying print and instead focused on a range of shortcomings.

The share price initially fell -5% on the result release.

Those shortcomings, RBC suggests, were no large win across London boroughs or the Australian federal government, a lack of detail on SaaS Plus customers/ARR, an optically slower UK growth rate (23% year on year versus 49% in FY25), and a revenue miss.

RBC doesn't think any of the shortcomings are necessarily deal-breakers, and with guidance reaffirmed despite FX headwinds, believes the first half underlying performance was strong, providing a set-up for success across the second half and FY27.

It is understandable if the market was expecting a little bit more, RBC believes, as TechnologyOne has been "relatively unscathed" by the tech sell-off and now trades at a premium versus peers.

To put "relatively unscathed" into context, around last October, Wall Street, and markets across the globe, suddenly panicked, fearing the rapid development of AI would render SaaS companies redundant. By February, TechnologyOne shares had fallen -50%.

Many other SaaS companies lost a lot more value, and TechnologyOne has since recovered around half that loss as management upgraded guidance for FY26 and repeated its targets and confidence for the year(s) ahead.

Bell Potter's analysts consider TechnologyOne the best positioned tech stock on the ASX to benefit from, rather than be disrupted by, AI.

Positive Views

Morgans believes TechnologyOne is a high quality achiever with impressive financial stature and a long-term track record of execution.

The company has consistently delivered market leading ARR and net revenue retention rates, which has seen it deliver around a 15% long term compound annual earnings growth rate.

Through SaaS Plus and Ai implementation across its ERP software, this growth trajectory is now tracking towards 15%-20% over the medium-term, which Morgans sees as an attractive proposition.

On the pullback in TechnologyOne's share price following the result release, Morgans upgraded to Accumulate from Hold, lifting its target to $32.30 from $31.20.

There is perhaps a lack of short-term catalysts for the stock, but Bell Potter believes the stock should continue to perform well given the view, as noted, that TechnologyOne is the best positioned tech stock on the ASX to benefit from rather than be disrupted by AI.

Bell Potter also sees very little if any downside risk to current guidance given the high level of SaaS and recurring revenue (circa 93% of total revenue in the first half), good visibility and a strong pipeline. Bell Potter retains Buy and a $32.25 target.

Morgan Stanley suggests customer wins across local government and education provide tangible evidence that SaaS Plus is strengthening TechnologyOne's competitive position, supporting larger, longer-duration and stickier contracts.

For Morgan Stanley, the Townsville "win-back" is the clearest proof point, hence Overweight retained with a $32.00 target.

The stock may no longer be cheap relative to peers, but RBC Capital thinks TechnologyOne's AI resilience, the visibility into second half acceleration, and the long runway to $1bn-plus ARR by FY30, justify the premium.

RBC retains its $33.00 target and Outperform rating.

In Jarden's view, TechnologyOne has the potential to accelerate profit growth from its guided 18%-20% rate in FY26 to circa 30% in FY27. Jarden lifts its target to $31.00 from $30.00 and upgrades to Overweight from Neutral.

In the aftermath of the interim result release, the share price has quickly rallied back above $30, no doubt assisted by the positive assessments by the brokers mentioned.

In recent days, with a sagging market overall, the share price has fallen closer to $29.

FNArena's consensus price target has risen to $31.74 post market update.

COMMODITIES

Material Matters: Fertiliser, Nickel & Met Coal

A glance through the latest expert views and predictions about commodities: Middle East impact on fertiliser; and sulphur for nickel production; Chinese mine disaster impact on met coal; and views on the rare earths market.

- **Higher fertiliser prices are hitting farmers today, and food prices tomorrow**
- **Risk for nickel prices seems to the upside**
- **Met coal markets in turmoil, with possible wide-ranging impacts**
- **China continues to dominate rare earths market**

By Greg Peel

By Greg Peel

Fertiliser shortages are starting to have wider-ranging impacts

Fertiliser

Global fertiliser prices have risen sharply as a result of the Middle East conflict. In the year to date, note ANZ Bank analysts, prices are up nearly 30% in the US and even more in other markets, to their highest since Russia's invasion of Ukraine in 2022.

Even so, prices remain just under -20% below the peak reached in early 2022. With the Middle East conflict ongoing, upside risks remain, ANZ warns, particularly as the disruption to energy and fertiliser supplies appears broader than during the Russia-Ukraine conflict.

Rising fertiliser and fuel prices are squeezing farm margins, and this is likely to curb input application rates, weaken crop yields, lower crop production and eventually lift food inflation.

Farmers are facing a double-whammy. ANZ notes, despite rising input costs, grain prices are only up 5%-6% year to date to only half the level reached in the Russia-Ukraine conflict.

This is squeezing farm profitability globally, particularly as margins were already under pressure from subdued grain prices. If the Middle East conflict persists, ANZ warns this pressure is likely to intensify materially.

When prices rise by more than 50%, farmers typically reduce application rates per acre or shift towards less fertiliser-intensive crops. Higher fertiliser costs will also accelerate a shift away from input-intensive grains towards oilseeds and pulses.

Australia's wheat area is already set to shrink with production facing further downside if tighter input supply and El Nino conditions worsen.

Unlike the Russia-Ukraine conflict, the current escalation in the Middle East conflict is not directly disrupting agricultural production. Hence, the price impact is likely to be delayed. ANZ expects grain prices to rise gradually and remain higher for longer if there is no de-escalation of the conflict.

The impact of these supply disruptions is likely to show up in lower yields, weaker agricultural harvest and eventually, warns ANZ, higher food prices.

Nickel

Another commodity trapped in the Persian Gulf is sulphur, required for High-Pressure Acid Leaching (HPAL) nickel production.

Indonesia's changing nickel policies, sulphur shortages and competition for power are tightening the nickel market, Morgan Stanley reports.

A more than -30% cut to ore quotas, announced by the Indonesian government in February, puts 255kt of nickel production at risk (6.5% of global).

Sulphur shortages threaten HPAL production (14% of global), with cuts underway across Chinese plants.

Tsingshan has asked nickel pig iron producers to reduce output in June to free up power for aluminium. Tsingshan is the only producer able to switch power from nickel to aluminium, Morgan Stanley notes.

Meanwhile, soaring sulphur prices are driving HPAL operating costs sharply higher.

Indonesia did release more ore quotas during 2025, which could repeat in 2026, with producers able to apply for more through 31 July. The delays to new export taxes and royalties also suggest some flexibility.

HPAL production could also resume if sulphur flows restart. Finally, demand is more lacklustre, with lithium iron phosphate batteries dominating both for EVs and Energy Storage Systems.

Market positioning in nickel is already quite long, and Indonesia may still release more ore quotas in the second half, but Morgan Stanley sees nickel trading in a higher range from here, with potential for spikes if more production is lost.

Met Coal

Last week's gas explosion at a coal mine in China's Shanxi province is likely to influence the metallurgical coal market, UBS notes, via supply disruptions from increased safety scrutiny, but also through potential regulatory shifts.

The immediate closure of 25 mines in the area (26Mtpa capacity), and subsequent two-to-seven day closure of 109 mines (122Mtpa capacity), underscores short-term supply interruptions.

Looking forward, historical precedents suggest potentially more significant impacts could stem from nationwide safety inspections and stricter regulations, UBS points out, especially considering the prevalence of underground mining within China's hard coking coal supply base.

As Shanxi represents the low-cost segment of the global cost curve, any curtailments driven by inspections could constrain domestic supply and provide upward support to met coal prices (used for steel production) in the near term.

Past events nevertheless indicate these effects tend to be relatively modest and short-lived. UBS forecasts met coal prices could rise by approximately US$15-20/t from the current spot level of US$240/t, necessitating higher-cost, less competitive production to address the supply gap.

Additionally, UBS expects increased Chinese participation in the traded (land-borne & seaborne) met coal market, alongside some inventory drawdowns.

Elevated met coal prices would also likely compress steel mill margins, which would likely result in tighter low-grade discounts, impacting more so on Fortescue ((FMG)) and Mineral Resources ((MIN)) over BHP Group ((BHP)) and Rio Tinto ((RIO)), UBS suggests, or, if the margin compression is large enough, reduced steel output could weigh on iron ore demand and benchmark prices.

In terms of stocks most likely to be impacted, UBS suggests Coronado Global Resources ((CRN)) offers the highest exposure to met coal price movements, while Whitehaven Coal ((WHC)) may serve as a lower-risk and more liquid way to play.

Looking across the wider array of metals/minerals, UBS notes the Middle East conflict is supporting higher aluminum, thermal coal and iron ore prices (and energy/shipping costs).

Mineral Resources, South32 ((S32)), BHP, Alcoa (US) ((AAI)), Whitehaven Coal and Fortescue look sequentially better on spot fair value and free cash flow yield.

In precious metals, Catalyst Metals ((CYL)), Pantoro Gold ((PNR)) and Minerals 260 ((MI6)) have the most compelling upside at spot fair value versus UBS' base case.

Rare Earths

UBS met with commodity consultant Wood Mackenzie (WM) to share views on the rare earths market.

WM expects neodymium/praseodymium (NdPr) prices to average US$100/kg near-term and highlighted both magnet makers and miners were profitable at these levels, compared to cycle-low prices of US$40/kg which meant even the domestic majors were struggling to stay cash positive.

WM forecasts NdPr demand growth of some 5% in 2026-27, lower than the 10% growth of previous years, on muted domestic China consumer demand (in particular, domestic EV sales) and lower renewable-related demand from US markets.

(UBS is more constructive, especially with regard to EV export sales.)

While WM historically models (opaque) China supply growth to match China demand, the consultant expects 2026 supply growth to lag demand.

WM and UBS agree the rare earths market is becoming increasingly segmented, citing continued Western deals/offtakes with prices separate from Asian metal prices.

While WM sees the (ex-China) light rare earths market as somewhat stable, when considering the near-term capacity additions from incumbents and greenfields alike from an NdPr perspective, the consultant is proportionally more positive on the ex-China heavies thematic for which they see little new supply (and a much more dominant China).

UBS continues to prefer Lynas Rare Earths ((LYC)), for which it has a Buy rating, over Iluka Resources ((ILU)) on Neutral, on a medium-term view, with the former having latent capacity to spare, is further ahead with regards to heavies production, and with potential for further value-chain diversification as Lynas expands downstream into magnets.

COMMODITIES

Material Matters: EVs, Lithium & Aluminium

A glance through the latest expert views and predictions about commodities. Expected growth in EV demand; impact on lithium prices; aluminium supply shock.

- **Global EV sales projected to more than double by 2035**
- **Might this time be different for lithium?**
- **Largest supply shock in at least 50 years for aluminium**

By Greg Peel

The global energy shock is providing fresh impetus for EV sales

Electric Vehicles

Global electric vehicle (EV) sales grew strongly in 2025, Macquarie notes, increasing by more than 20% year on year. Growth was broad-based outside the US and, for the first time since 2022, was strongest in battery EVs rather than plug-in hybrids.

However, sales growth appeared likely to slow in 2026 amid policy changes in the US and China.

This has proven to be the case, with global EV sales flat in the first four months of 2026 relative to the same period in 2025, yet the headline figure masks significant regional divergence, with weakness in the US and China and strength elsewhere, Macquarie notes.

EV sales fell -33% in the US over the first four months of 2026. Trump's EV policy rolled back federal incentives, tax credits, and infrastructure (chargers) funding, significantly slowing EV adoption and affecting automakers' strategies.

EV sales fell -17% in China over the same period. The expiration of tax exemptions and subsidies are partly to blame, but cooling domestic demand can also be attributed to a weaker Chinese consumer, and rising input costs making EVs more expensive.

By contrast, sales rose by 26% in Europe and by 77% in the rest of the world over the same period.

Overall weakness was more pronounced earlier in the year, with EV sales bouncing in recent months alongside higher oil prices amidst the largest oil supply disruption in history.

In seasonally adjusted terms, EV sales rose by 9% between February and April, with gains broad-based across major regions.

We think of EVs as cars, but Macquarie reports EVs' share of total light vehicle sales is at or near historical highs in most regions outside the US. Globally, EVs currently account for some 27% of all light vehicle sales, with that share closer to 60% in China.

UBS believes the current energy shock has shifted the balance for EVs and we are starting to see both anecdotal and quantitative evidence showing an upward shift in EV preferences.

EV sales are up 34%/40%/22% year on year, year to date, in March in Germany, France and the UK respectively though UBS notes sales in the US remain challenged.

At some 60% of global EV sales, Chinese EV demand remains key, and year to date performance is soft, UBS notes, down -18% year on year in March, reflecting reduced incentives and consumers waiting for new models.

But Chinese EV sales tend to be back-end weighted and UBS remains positive on a second half rebound. Prior to the Middle East conflict, UBS had assumed a two-year compound annual growth rate (CAGR) of 12%.

Looking further ahead, Macquarie reports the International Energy Agency has projected that EV sales would grow by around 10% this year.

More fundamentally, improving cost competitiveness, alongside tighter emissions and fuel economy standards, is expected to support robust EV sales growth over the next decade.

The IEA's current scenarios suggest global EV sales will more than double by 2035 (9%-10% CAGR), reaching around half of global car sales. If realised, this would lift the global EV fleet to over 450m by 2035 from around 75m today, representing more than one-quarter of all light vehicles in use.

The IEA estimates indicate EVs are currently displacing around -1.7m barrels per day of oil demand, rising to 910mbpd under its forecast scenarios.

Lithium

EV demand clearly plays into lithium demand. Lithium demand is also impacted by demand for Battery Energy Storage Systems (BESS).

UBS' analysis suggests cost deflation is driving a sharp inflection point for energy storage.

The impact of geopolitical shocks, oil/gas price spikes and AI-driven surging data centre power requirements combine with a forecast -30% decline in BESS system cost, which results in higher global BESS demand (up 6% to 1.6 TWh by 2030) with larger upgrades to the US and Rest of World.

UBS has upgraded its lithium price view reflecting

(1) an increasingly positive BESS view,
(2) increased EV demand penetration due to the Middle East conflict, positively impacting EV versus ICE (internal combustion engine) total cost of ownership economics, and (3) accelerating e-Truck demand in China.

UBS has also updated supply forecasts, trimming this year on IGO Ltd's ((IGO)) output guidance downgrade for Greenbushes (WA), but adding to the outer years in anticipation of a supply response to higher prices.

New, unknown brown/greenfield projects will increasingly be needed to meet projected deficits by 2030 and beyond. As a result, UBS increases its spodumene price forecasts by up to 23% nearer term, and 17% long term, reflecting inflation in capital and operating costs in key producing regions.

The key supply question is not *if* but *when* supply can catch up. UBS has learned from previous cycles new supply can ramp relatively quickly.

But what has UBS incrementally more positive this time around is

(a) demand growth is larger in absolute terms, and
(b) new supply is more challenged, given increased policy/geological/commercial hurdles.

From the first post-EV lithium cycle, in which demand was satisfied by Chilean brines and Greenbushes, last cycle we saw new supply emerge from China (eg lepidolites) and Africa.

Going forward, UBS models supply growth of circa 596kt from 2025-2027, versus 623kt demand.

Australia (circa 23% of supply growth) sees growth from Liontown Resources' ((LTR)) Kathleen Valley, PLS Ltd's ((PLS)) Pilgangoora and IGO's Greenbushes (albeit recently trimmed).

China (circa 28% of supply growth) includes a large addition at Qinghai Salt Lake and restart of CATL's Jianxiawo mine (44% of China supply from mid-2026).

In Africa, UBS is tracking growth in Mali and Zimbabwe.

UBS is watchful of supply surprising to the upside, especially from less opaque regions (eg Nigeria). But at the same time, the analysts see listed producers seeking confidence before committing to lift production (restarts or new) amidst heightened macro uncertainty, diesel and other input disruptions and elevated lithium price volatility.

In UBS' opinion, these factors temper the likely pace of much of the potential supply response.

UBS has upgraded prices as much as 47% across spodumene, lithium carbonate and hydroxide reflecting an incrementally tighter forecast for the market.

The analysts also upgrade their long term spodumene price 17% to US$1,400/t highlighting the continued inflationary environment in relevant mining jurisdictions (Canada, Australia), though highlight considerable uncertainty longer term on who solves structural deficits beyond 2030.

UBS remains overweight the sector with preference for IGO, Liontown and Mineral Resources ((MIN)), while PMET Resources ((PMT)) remains a compelling option into the long-term thematic.

Aluminium

The conflict in the Middle East is resulting in the largest aluminium supply shock in at least 50 years, Citi notes. Beforehand, supply cuts were being driven by oversupply and weak prices.

The world is likely drawing some 3mt this year, or circa 300-400kt per month from April to December, creating massive futures buying demand as inventory hedges are lifted. Pre-shock inventories were already around lows of the last 55 years of data, Citi notes.

There is no spare capacity, with supply constrained by government policy and competition for power from data centres. Citi points out the cost of aluminium's main substitutes, copper and plastics, are at or near all-time highs.

The aluminium market was already tightening into this shock, with production growth slowing relative to demand.

A memorandum of understanding or actual deal that leads to partial or full reopening of the Strait of Hormuz would be extremely bullish, Citi suggests, as it would raise certainty about demand growth medium term, as would more aluminium smelter closures or damage if followed by an MOU/deal.

Citi believes China's current aluminium capacity cap is unlikely to be raised during 2026, or 2027. China is pursuing an "anti-involution" (anti overcapacity) strategy broadly across energy transition sectors, and the aluminium industry is the "poster child" for what a successful crackdown on overcapacity looks like.

China is short aluminium raw materials and highly dependent on one country, Guinea, and is therefore incentivised to find demand substitutes rather than build out more supply in face of shortages of aluminium.

Magnesium, which China is long, can be used in solar panel frames instead of aluminium and will be a key beneficiary, Citi suggests.

There are ambitious plans to build primary aluminium smelters in Indonesia, driven both by push factors (China's capacity cap) and pull factors (Indonesia's ban on bauxite exports).

Chinese producers may also see this as a critical step to diversify supply risk, Citi suggests, due to China's heavy reliance on bauxite supply from Guinea.

But while Indonesia is emerging as the only meaningful source of ex-China supply growth, the absolute scale of additions remains limited.

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INTERNATIONAL

AI Report Card Through Lens Of Nvidia Earnings

Investors should draw more confidence about the AI infrastructure boom from Nvidia's latest quarterly update, Janus Henderson argues.

- **While the magnitude of the numbers disclosed in Nvidia's first-quarter earnings report is news in itself, the real story is how the semiconductor giant's performance illustrates the pace and evolution of AI adoption**
- **The report highlights that growth is rapidly expanding in segments beyond hyperscalers and confirms our view that the era of agents has arrived, putting the true scope of the AI investment cycle into sharper focus**
- **To be determined are the unknowns, namely what native AI businesses and applications emerge and what will be their incremental demand for compute. But we saw little in this week's report to diminish our favourable view of the rapidly emerging era of AI**

By Shaon Baqui, Research Analyst at Janus Henderson Investors

Artificial intelligence (AI) has been the undeniable driver of global equity markets over the past few years, and the numbers associated with it --capital expenditure, revenue growth, market capitalisations-- are staggering.

Given the duration of this mega-theme and AI's dominance over stocks, many investors are wondering whether expectations have moved ahead of reality, and whether this historic level of investment is justified.

To address this question, we can use this week's quarterly earnings report from Nvidia as a report card of sorts, as much of the AI ecosystem either directly or indirectly has its fortunes linked to the semiconductor juggernaut.

Firing on all cylinders

Based on Nvidia's recent financial and operational performance --and perhaps more importantly, its expectation for near- to mid-term developments-- the AI supercycle is not just progressing as planned but accelerating in many somewhat unexpected ways.

As intimated, the unprecedented magnitude of the report's numbers is news in itself. More germane to investors, though, is how Nvidia's performance illustrates the pace of AI adoption and how it is evolving.

Revenue for the quarter was roughly US$82 billion, a 20% gain over the previous reporting period and up 85% from the same period in 2025.

The story just beneath this headline figure was revealing with respect to AI's evolution: Revenues were split roughly 50/50 between hyperscalers --the tech megacaps behind the historic capital expenditure (CapEx) buildout-- and another category that includes the AI cloud plus industrial and enterprise users.

Even more notable is that growth attributable to hyperscalers clocked in at 12% quarter over quarter, while the cloud/industrial/enterprise segment expanded by 31%.

Growth at this pace indicates demand for the fundamental building blocks of AI --graphics processing units (GPUs)-- is strong.

Agents have arrived

The report also validated our view that the era of agents has arrived.

Company management explicitly stated that inference has hit an inflection point. Nvidia's early ascent was driven on the back of demand for its cutting-edge GPUs used in training AI models.

The industry is now transitioning to the inference stage, which essentially means leveraging the trained models to carry out myriad tasks across the global economy.

Much of that work will be done by AI agents.

Management echoed our view that AI users will create billions of agents, each tasked with executing the operational aspects of AI. Given the power of networking laws, this implies a nearly incomprehensible number of tokens --fundamental units of data processed-- generated.

Also hinting at the increasing role AI will play, Nvidia announced an ambitious rollout of its first standalone central processing unit (CPU), Vera. It's only recently understood that CPUs will be an essential element in enabling agents to schedule and execute relatively elementary computing tasks.

Without CPUs, the best training and GPU-enabled "thinking" would be for naught. Management went so far as to put a US$200 billion number on the AI CPU addressable market.

So much more than hyperscalers

In AI's training stage, hyperscalers had the demand --and the cash-- to ramp up this nascent ecosystem.

As indicated by the 31% growth in the cloud/industrial/enterprise segment, a handoff is occurring, and these segments will be the end users of AI models, applying them to use cases across industries.

Categories that we see as adopters are manufacturing, robotics, healthcare small chemicals, and physical sciences like energy. Not to be ignored is sovereign AI, as countries see it as a strategic imperative to fortify their economic and national security in the age of AI.

We view development as perhaps the most misunderstood concept in AI investing. Many investors hang on every word emanating from the hyperscalers while overlooking that there are hundreds of thousands of companies and other entities racing to integrate AI into their strategies and operations.

The adoption of AI within this underappreciated --and massive-- segment could exceed that of the adoption of earlier technologies given AI's potential to improve productivity and eventually establish AI native business models.

Despite a rapidly broadening market of AI applications, frontier models and AI labs still play a major role in future advancement. Nvidia Chief Executive Jensen Huang announced deeper collaboration with model developer Anthropic to help alleviate its shortfall in compute.

Furthermore, the universe of frontier models is growing, with all seeking the most advanced GPUs. As incremental --and more complex-- compute capacity is deployed, one can argue that AI's capabilities will grow, expanding its use cases and thus demand.

Another potential secular driver for the AI ecosystem is the growth of data centres whose mission will be to process as many tokens as possible and sell this service to applications providers in need of third-party compute.

These AI factories, in our view, will become an increasingly large source of demand for both advanced GPUs and CPUs. These factories will be dispersed globally, with China possibly positioning itself as a dominant player in processing tokens.

In this respect, Nvidia's ability to sell at least older generations of GPUs to China is something investors will want to monitor as the geopolitical climate shifts.

Regardless of where these data centres are located, a dearth of electricity to adequately power them --at least outside of China-- will invariably require their operators to seek out the most energy efficient chips to maximise their finite energy resources.

Still early innings

Mr. Huang and his management team, in our view, methodically debunked nearly every tenet of the bear case surrounding the scope of the AI investment cycle.

A powerful rejoinder was management's assessment that annual hyperscaler CapEx could reach US$3 trillion to US$4 trillion by 2030, compared to an estimated US$1 trillion in 2027.

This is a gaudy but imaginable number given agentic AI and its ability to be a force multiplier for inference. To be determined are the unknowns, namely what native AI businesses and applications emerge and what will be their incremental demand for compute.

Nvidia's most recent earnings and outlook can be viewed as a sextant allowing one to peer over the not-too-distant horizon into the unknown world of the global AI economy. In this respect, we saw little in this week's report to diminish our favourable view of the sector.

Yes, looking at hyperscaler CapEx spend in isolation could create anxiety in many investors. What they fail to recognise, however, is that GPUs, data centres, and now CPUs are establishing the foundation of a fundamentally transformed global economy –- one in which countless end users across sectors and geographies will allocate resources to gain access, with the aim of improving their economic and societal outcomes.

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RUDI'S VIEWS

Rudi's View: Lessons I Learned

After my presentation and Q&A in Toowoomba, Queensland yesterday (having endured the teasing prior to the State of Origin later on the day) I sat down with a few of the local investors to talk investing and markets in a more informal setting.

By Rudi Filapek-Vandyck, Editor

It didn't take long for the conversation to shift to stocks like Bapcor ((BAP)), Cochlear ((COH)), CSL ((CSL)), Domino's Pizza ((DMP)), and IDP Education ((IEL)) – all have kept trending to ever lower share price levels over the years past.

While doing so, all have wrongfooted investors who bought in at what seemed "cheaply priced" stocks.

The first observation to make is, of course, that what looks "cheap" can still become a whole lot cheap-er.

There's probably not a single reader who would dispute each of the companies mentioned has provided the market with plenty of reasons to keep paring back the share price.

Repeated profit warnings are but one angle to take.

But as most profit warnings tend to come out of the blue, the question asked was: how does one decide whether a cheaper share price is truly a bargain or the exact opposite, a value trap?

It's always easier with hindsight but I do think there's an uncomplicated and straightforward rule investors can apply – one I highlighted earlier this year before Cochlear and Bapcor delivered their latest profit warnings.

That rule is: **Keep an eye on the news flow**.

There are times when share prices weaken without negative news or development from the company or the sector.

This does not by definition imply such weakening is out-of-synch with what likely lays ahead, but more often this is due to temporary sentiment or the market getting uppity about a risk that may never eventuate.

This most definitely has not been the case for the companies mentioned. If we move backwards into history, we will find an elongated stream of bad news announcements and developments.

As I have come to discover over time, that's the red flag we should all pay attention to as investors, in particular when it matters most: when we own shares in these companies.

Having observed this process a number of times now, it's good to point out the early signs do not start with a big profit warning.

The process is more likely to start with smaller disappointments; the kind we are willing to accept as shareholders, because they do not tend to nullify the investment thesis or the reason why we're on the register.

Of course, if we were to treat every minor disappointment as a reason to sell, it would be practically impossible to have a longer-term oriented portfolio, but when these disappointments, no matter how small, keep coming, we should pay closer attention.

Just like in Ernest Hemingway's book, these processes develop slowly, slowly and gradually at first, and then move into the acceleration phase.

That's usually when Harry Hindsight tells us you should have sold before all this occurred!

As many of you know, my personal investment style is centred around identifying high quality companies on the ASX and owning them for a long time.

That strategy has provided me with lots of joy and rewards most of the time, but I regret not having sold out much earlier when owning shares in CSL and IDP Education was accompanied by such a trend in negative news announcements.

In my defence, as an investor in high quality businesses, I had also learned that those businesses under most circumstances deserve our benefit of the doubt.

Bad things can happen to even the highest of quality businesses, but they tend to bounce back and continue on their path of shareholder value creation, usually not long after.

The All-Weather Model Portfolio owns shares in Goodman Group ((GMG)), Macquarie Group ((MQG)), and TechnologyOne ((TNE)) –all businesses I'd include among the highest quality performers on the ASX—and it's not like their shares have only moved in a straight line over the years.

As it turned out, giving CSL the benefit of the doubt coincided with a trend in news flow that only kept getting worse.

I'm about to make matters even worse for myself: it can also be argued CSL started tearing down its high-quality image all by itself through, among other things, an over-priced acquisition (Vifor) and a completely ill-timed and misguided attempt to separate its vaccines business.

That plan was not long after withdrawn.

That first announcement was the point when even long-time supporters of the company, myself included, started scratching our heads and raising eyebrows.

Only then discovering there was no appetite for stand-alone vaccines and that separating it from the rest of the business would prove a Gordian challenge pretty much removed the quality label from management.

I think the next profit warning removed it from the business.

I should have acted (sold out) much sooner, there's no question about it. My CSL experience allows me today to add another example to the red flag rising as negative news starts to accumulate.

It also easily explains why I have no appetite whatsoever to try to bottomfish among the likes of Bapcor, Domino's Pizza, Healius ((HLS)) or Inghams Group ((ING)).

For starters: I don't see any quality in either of those companies. More importantly: the bad newsflow is still ongoing.

Bargain seekers beware!

Equally important: it's **never too late to sell**.

In times gone by, I have used this maxim through my experience with Slater & Gordon, when I sold for a minor loss and escaped a fall in share price that would not stop until -90%-plus later.

CSL shares are yet a whole lot lower today than earlier in the year, when I finally decided to sell the last remaining shares in the portfolio.

The obvious counter-argument against all of this is that conclusions have been drawn from a limited number of cases and there would be plenty of other examples when the news flow –and the share price—improved just after the decision has been made to sell out.

And that's probably more than just a fair counter-argument. Strictly taken, we have no way to figure out conclusively that this is how bad things get and the trend will soon turn.

I am sure I can find examples of that if I wanted to, but it's not that important as I still think selling when negative news turns into a trend is the correct way to respond.

Successful investing is all about managing risk, not about knowing the outcome with hindsight. Sometimes you sell and it will prove the wrong thing to do.

But you have avoided serious damage to the portfolio, and that's the whole point, regardless of what happens next.

Note also: my decision process pays no attention whatsoever to my entry price. The market does not care what or when I paid to get on board.

The portfolio held those shares in CSL for over a decade, so there was still a “profit” left (if we can call it that) but those shares in Slater & Gordon and in IDP Education were sold at a guaranteed loss.

Praying that things will eventually work out for the best is not a great strategy, even though many an investor has gone down that route.

Then there's always a worse action to take.

Imagine if I had decided to throw more money at those shares, only to discover the share price would fall even lower, and then persisted in my conviction that all shall come right in the end?

Instead, aware of the risks that remain attached to the falling share price, I actually reduced the portfolio's exposure during the down-days of owning CSL and IDP Education.

In the end, there was only a small parcel left to sell. That still hurts though, but not nearly as much as had I instead topped up and kept topping up.

I am regularly surprised by how casual advisors and investors alike mention averaging down when a strategy falls flat.

That might work in certain context, but when it backfires, it can do so big time. Which is yet another reason why I never do it.

A failed strategy/purchase doesn't improve by throwing more money at it.

I only buy more shares at a lower price level when I believe the investment thesis stacks up, not to average down my initial purchase.

No matter how subtle that difference might seem, there is a big gap between the two, and a very big one too.

The conversation touched upon much more, but I leave the rest for another time.

The slides of the presentation will soon be uploaded on the website (see Special Reports, scroll down).

We will also publish a video interview about that presentation (as soon as we can).

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions.)

P.S. I - All paying members at FNArena are being reminded they can set an email alert for my Rudi's View stories. Go to My Alerts (top bar of the website) and tick the box in front of 'Rudi's View'. You will receive an email alert every time a new Rudi's View story has been published on the website.

P.S. II - *If you are reading this story through a third party distribution channel and you cannot see charts included*, we apologise, but technical limitations are to blame.

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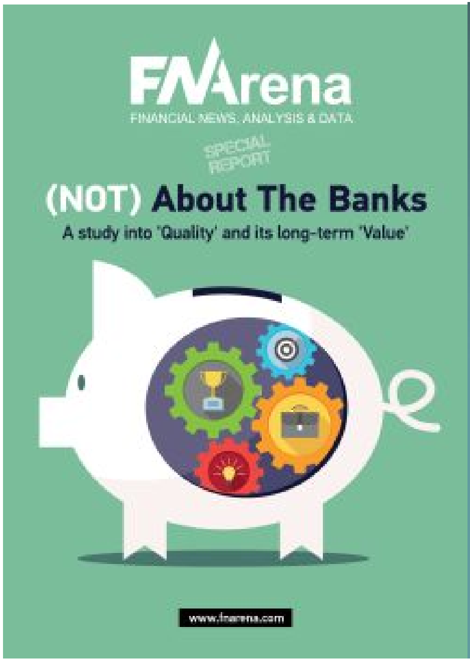

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SMALL CAPS

Gentrack Growth Story Under Scrutiny

Gentrack Group's weaker share price reflects concern over delayed project wins and rising competition, yet brokers remaining broadly positive on the long-term opportunity.

- **Gentrack Group's interim results in line with downgraded guidance**
- **Pipeline delays weigh, Kraken competition ever present**
- **Management now prioritising growth over short-term earnings**
- **Ord Minnett still finds consensus forecasts too optimistic**

By Mark Woodruff

Competition is fierce to secure software service contracts from utilities

The share price of utility software provider Gentrack Group ((GTK)) has fallen by more than -50% in 2026 as investors increasingly focus on execution risk, elongated sales cycles and intensifying competition, overshadowing the company's longer-term structural growth opportunity.

Persistent negative sentiment towards software companies generally has further compounded the sell-off.

Operating across the A&NZ region, the UK and parts of Europe and Asia, Gentrack generates revenue from software licences, implementation projects, recurring SaaS subscriptions, and ongoing support and maintenance services.

A key focus for the group is its next-generation g2.0 platform, a cloud-based software offering designed to help utilities modernise billing and customer systems while supporting energy transition trends.

Meter data is aggregated and integrated into the platform's central "meter-to-cash" billing and customer management system.

Gentrack integrates Salesforce's customer relationship management (CRM) and customer engagement tools into its own billing and utility operations software for energy and water companies, alongside AWS (Amazon) infrastructure support.

Under the partnership, Salesforce, one of the world's largest enterprise software companies, manages customer-facing CRM functions and digital customer journeys, while Gentrack provides billing, metering and utility operations capability.

Management describes Salesforce as both a referral source and strategic co-sell partner, with opportunities sourced independently, jointly and through Salesforce's utility ecosystem.

Gentrack views the collaboration as a key differentiator versus legacy project-based CRM integrations, allowing utilities to adopt new Agentforce AI capabilities without major redevelopment.

Management also argues the company's meter-point-based licensing model is structurally more resilient to reductions in human call-centre staffing than traditional seat-based CRM pricing models.

Lowered guidance

Back on May 5, Gentrack disappointed the market by lowering FY26 revenue guidance by circa -8% to between NZ$229m-NZ$238m, citing a strategic decision to **prioritise growth and global leadership over short-term earnings**.

Based on the pipeline and market opportunity in both the Utilities division and the group's Airports (Veovo) division, management stood by its medium-term revenue target of a more than 15% compound annual growth rate (CAGR).

For new customer wins and upgrades, the company announced a business model transition to drive higher recurring revenue and lower cost for customer onboarding.

Following a call with management at the time, the analyst at Shaw and Partners felt the recent -40% share price sell-off increasingly implied a structural slowdown, not supported by either management commentary or the current pipeline visibility.

Interim results

The interim result on May 18 was negatively impacted by the previously flagged **slowdown in non-recurring revenue (NRR) and delayed project wins**, Bell Potter explains, reflecting weaker implementation activity and longer sales conversion timelines across the Utilities division.

In line with previously announced guidance of around NZ$110m, revenue fell -2% year-on-year to NZ$110.1m, while a 12% rise in annual recurring revenue (ARR) to NZ$85.3m also met guidance.

Utilities revenue declined by -3%, while Airports grew 3%, or 20% excluding hardware sales. Billing software within the Utilities division generated circa 82% of Gentrack's interim revenue.

Delays to two prospects drove a material decline in project revenue, Jarden explains, with management unable to fill the gap through existing customer workflow.

Earnings of NZ$7.9m were broadly in line with guidance of around NZ$7.8m, implying a margin of 7.2% versus 11.6% in the prior corresponding period.

While the margin was disappointing, Jarden found the outcome not entirely unexpected given extended sales cycles and the high proportion of NRR within Gentrack's business model, making earnings volatility difficult to avoid.

Management reiterated the Utilities division's customer pipeline includes 10 opportunities, targeting three-to-four contract wins.

Underlying cash costs were higher than Shaw and Partners expected, modestly reducing this broker's cash earnings forecasts.

The group closed its half with net cash of NZ$73.2m, although the approximately -NZ$40m of acquisitions occur post balance date.

Ord Minnett is encouraged management has confirmed no customer logo churn since FY25 results in November, with the last confirmed g2.0 contract win also occurring at that time.

Ord Minnett also believes **consensus forecasts remain too optimistic** regarding the timing and pace of Gentrack's return to growth.

All up, Morgan Stanley views the sales and earnings 'miss' announced on May 5 as disappointing, with the inclusion of a contribution from newly acquired SaaS-based energy pricing platform Factor within unchanged guidance representing an additional modest negative.

Recent investments/acquisitions

Management made a strategic investment in Amber Electric in February 2024 as part of Amber's Series C funding round.

Gentrack invested -NZ$12m for an approximate 10% stake and entered a strategic partnership to jointly develop and distribute energy optimisation software.

Moelis explains Gentrack's interim profit and loss result included a share of losses from Amber.

Momentum at Amber continues to build, this broker highlights, supported by growing opportunities to connect electric vehicle battery storage systems with homes and the broader electricity grid.

Gentrack has also announced two acquisitions since April 30, with a combined estimated value of around NZ$40m.

The analysts at Moelis explain upselling opportunities support the strategic rationale for the acquisition of Factor for -NZ$24m, an AI-powered forecasting and pricing toolkit for utilities. A further -NZ$10m earn-out is attached in growing ARR to NZ$17m within three years.

While Factor is not expected to contribute meaningfully to FY26 revenue, the broker points to limited overlap with Gentrack's existing customer base and believes the product's relatively simple deployment model should support shorter sales cycles.

On April 30, management also entered a sale and purchase agreement to acquire airport technology and services provider Dubai Technology Partners for -NZ$17m, to be integrated into the Airports division.

Neither acquisition is attempting to 'make up' for a near-term shortfall in NRR, Bell Potter highlights, noting management's confidence in pipeline opportunities within the Utilities segment over the next 12 months.

Such acquisition activity highlights to Moelis management's focus on deploying capital into growth opportunities, while also increasing the importance of stronger second-half cash flow delivery.

Competition

When Ord Minnett initiated coverage on Gentrack in April, long sales cycles and intensifying competitive pressure, particularly from Kraken, were seen as key constraints on growth.

Kraken, owned by UK-based energy retailer Octopus Energy, is a major competitive threat because it offers a modern, cloud-native utility software platform with strong capabilities in billing, customer management and energy retail operations.

Kraken has gained momentum globally by providing utilities with a highly scalable platform designed for renewable energy integration, smart meters and AI-driven automation.

Origin Energy ((ORG)) owns circa 23% of Octopus Energy.

Outlook

Moelis notes its FY27 forecasts for Gentrack remain heavily dependent on the successful conversion of new business opportunities between now and March 2027.

Bell Potter agrees, anticipating the market will continue to apply a discount to Gentrack until consistent execution for non-recurring revenue in the Utilities segment.

Given strong structural tailwinds from the energy transition, including rising grid complexity, evolving billing platform requirements and ongoing digital transformation across utility markets, this broker remains broadly positive on the outlook.

Following downgraded guidance in early-May and subsequent interim results, the average target price of four daily monitored brokers in the FNArena database has fallen to $4.17 from $6.31, implying around 31% upside to the $3.18 share price at the close of trade on 22 May.

Overall, there is one Buy rating and three Holds, or equivalent.

Outside of daily coverage, Canaccord Genuity lowers its target to NZ$7.50 from NZ$14.50.

Moelis (Buy) maintains its $7.86 target while Buy-rated Shaw and Partners cuts its target to $7.40 from $8.00.

Jarden upgrades its rating to Hold from Underweight following interim results.

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SMALL CAPS

Guzman y Gomez Retreats From American Dream

Guzman y Gomez's abrupt exit from Chicago ends a six-year US expansion push. The focus is now on stronger domestic growth and improving capital returns.

- **Australian store rollout main priority for Guzman y Gomez**
- **Removal of US losses helps drive consensus earnings upgrades**
- **Domestic guidance reaffirmed, international franchise growth continues**
- **Analysts see higher dividends for shareholders on the horizon**

By Mark Woodruff

The US exit won't stop Guzman y Gomez's international expansion

Fast-growing quick service restaurant chain Guzman y Gomez's ((GYG)) decision to exit its six-year US expansion attempt in Chicago allows management to concentrate on the core domestic opportunity and free capital for higher dividends, buybacks and more disciplined network expansion.

Founder and co-CEO Steven Marks explained management recognised the US expansion would require materially more time and capital than initially expected, while financial performance failed to meet targeted return hurdles.

It is Jarden's view the decision to exit eight Mexican-inspired corporate-owned restaurants reflects strong capital discipline and a focus on maximising shareholder value.

The company operates a dual network structure, whereby it both owns restaurants directly and via franchised relationships.

RBC Capital believes the US business had limited prospects for success and notes ongoing losses were weighing on group earnings, turning the earlier-than-expected exit into a positive event.

The US business was not expected to break even until FY37, leaving the removal of future losses a net positive for the valuation of the group as a whole.

On the flipside, Citi notes the US exit reduces the size of the company's total addressable market (TAM), which may place pressure on the valuation multiple at which the stock is still trading.

While the 3Q FY26 result in early-April highlighted solid comparable sales momentum, improving brand awareness and operational execution, Bell Potter explains subsequent geopolitical events materially impacted consumers and likely exacerbated expected US losses.

Macquarie believes the long-term investment thesis for Guzman y Gomez remains intact, underpinned by strong health-focused brand positioning and substantial room to expand before market saturation, supported by existing scale in Australia.

The company expects to incur a one-off charge of -US$30m-US$40m, with the cash component not exceeding -US$15m, which Morgans views as manageable given a strong balance sheet and ongoing capacity to fund Australian network expansion.

The key earnings benefit is seen as the removal of US losses from the underlying P&L, which is expected to **drive consensus earnings upgrades**.

US earnings losses are now seen as exceeding 1H26 levels, contrary to prior guidance for losses to decline in 2H26 versus 1H26.

On the domestic front

In Australia, Guzman operates its core company-owned and franchised restaurant base directly.

While capital-light international expansion continues via master franchise agreements in Japan and Singapore, Morningstar expects Australian restaurants to remain the primary earnings driver.

FY26 earnings guidance for the Australian segment (which includes Singapore and Japan) was reaffirmed for 29% growth on the prior year, in line with the consensus forecast, highlights RBC Capital.

Guidance for 32 gross openings was also kept, with the rollout remaining on track and continuing to underpin the earnings growth outlook over the next few years, the broker suggests.

The long-term target of 1,000 restaurants and segment underlying earnings as a percentage of network sales of 10% were also repeated by management.

Ord Minnett notes divisional earnings guidance for this dominant segment implies 28% growth in second-half FY26 earnings year-on-year, which this broker views as a strong outcome given ongoing pressure on consumers from inflation and higher interest rates.

Bell Potter remains confident in the medium-term Australian growth opportunity, supported by a pipeline of 108 restaurants and successful master franchise operations in Singapore and Japan.

The company noted the Australian business is in a "solid" position with strong growth, world class unit economics and a significant network growth opportunity.

While management highlights ongoing strength in transactions and a solid response to promotional programs, particularly via Uber, Jarden suggests 4Q like-for-like sales growth is likely to slow, based on margin guidance tracking toward the upper end of the 6%-6.2% range.

Jarden expects drive-thru demand may have moderated amid rising cost-of-living pressures and higher fuel prices.

If management can achieve its targeted annual rollout of around 40 Australian stores while maintaining current store economics, Jarden sees potential material upside to its own estimates.

Morgans highlights strong cost management, solid transaction-led growth and modest menu price increases as supportive of margins.

This broker forecasts flat margins despite same-store sales growth to account for cost absorption, while expecting **margins to improve over the longer term**.

Lessons from the US

The decision to exit the US does not alter the board’s conviction in the global brand.

The US represents the world’s largest QSR market, making the expansion strategy a worthwhile risk despite the eventual outcome, according to UBS.

This broker believes several early decisions proved costly in hindsight, including prioritising drive-through locations over strip sites, where brand awareness may have been easier to build, and launching initially in Chicago, a relatively expensive operating market.

Same-store sales growth remained too subdued to suggest meaningful traction, the analysts explain, reflecting ongoing brand awareness challenges.

The recent exit from the DoorDash platform created a near-term headwind and likely exacerbated second half FY26 losses, UBS suspects.

International

Commenting on the performance of the company's master franchise markets, management highlighted ongoing strong sales growth and healthy unit economics.

The company’s Japan and Singapore businesses are operated through separate master franchise arrangements, rather than as company-owned restaurant networks.

In practice, this means the local franchise partner runs each market under the central brand and system, while management of Guzman y Gomez supports the network through branding, product standards, and a marketing fund that is run on behalf of the franchise network.

Both master franchises are planning new restaurant openings in the next 12 months, with Singapore opening its 24th restaurant earlier this week.

Capital Management

For the US operations, consensus had forecast around -US$13m in losses for FY27, equivalent to roughly 14% of group underlying earnings, Macquarie highlights, with losses previously expected to continue until FY35.

While Guzman y Gomez retains a strong balance sheet with around $236m net cash as at December 2025, this broker sees long-term value in reallocating capital away from the US business.

Potential benefits are seen as higher dividends from stronger earnings, additional capital returns through the ongoing buy-back and a more measured approach to future expansion opportunities.

Citi also anticipates higher future dividends are now likely, noting management has also extended the share buyback program through to June 30.

Outlook

Following news of the US operations exit, Bell Potter raises its target for Guzman y Gomez to $24.50 from $22.10 and upgrades to Buy from Hold, joining five other daily monitored brokers in the FNArena database with Buy-equivalent ratings.

Citi maintains its Sell rating and raises its target to $18.35 from $16.55.

Despite materially upgrading FY27-FY29 EPS forecasts, Ord Minnett is the only broker covered in this article to lower its target, cutting to $31.00 from $32.00 after removing a previously assumed $250m valuation for the US business from its financial model.

This broker now forecasts a 27% compound annual growth rate (CAGR) for earnings from FY26 to FY30, driven by strong same-store sales growth and ongoing expansion of the store network.

Macquarie adds valuation metrics now appear more compelling, with the stock trading on a FY27 P/E of 42x and a five-year EPS CAGR of around 50%.

Guzman y Gomez is well placed to deliver strong earnings growth over the long term, in Morgans' view, driven by a significant store rollout targeting 1,000 stores by FY45.

Morgan Stanley believes Guzman is better positioned than peers to deliver volume growth and operational leverage as an offset to inflation.

The latter points to the company's superior product offering relative to domestic quick service restaurant (QSR) peers, aligned with healthier consumer trends, increasing sales across different times of day, attractive store economics and operating leverage.

The average target price in the database is now $25.66, up from $24.60, implying 34.40% upside to the last closing share price of $19.09.

Outside daily coverage, Jarden raises its target by 30c to $17.60 while retaining a Neutral rating, reflecting rising competition and increasing site costs.

Across coverage of ASX-listed stocks in the Consumer Staples sector, this broker's preference is for Buy equivalent-rated Woolworths Group ((WOW)), Sigma Healthcare ((SIG)) and JB Hi-Fi ((JBH)). Jarden is also becoming more positive on Neutral-rated Wesfarmers ((WES)).

Morningstar retains its fair value estimate of $16.00 for Guzman y Gomez having ascribed no value for the US operations, while Outperform-rated RBC Capital raises its target by $1.00 to $23.00.

SMALL CAPS

Major UK Win Highlights Alcidion's Potential

Alcidion is accelerating growth through UK contract wins, recurring revenue expansion and the acquisition of Kyra Patient Flow in A&NZ.

- **Alcidion validates its growth strategy with third UK contract win**
- **Kyra Patient Flow acquisition boosts recurring revenue and domestic exposure**
- **Analysts emerge with greater confidence in management's strategy of upselling and operating leverage**

By Danielle Ecuyer

Alcidion provides smarter software solutions for clinicians

A trifecta of good news

Alcidion ((ALC)) is an emerging health technology company that provides software designed to improve how hospitals manage patient information, clinical workflows and operational decision-making.

It offers a cloud-native, modular software platform designed to improve hospital efficiencies and provide smarter software solutions for clinicians.

With a market cap of just under $150m, the company, which was established in 2000, remains in the micro-cap segment of the market but has caught the attention of analysts.

The company’s core product is the Miya Precision platform, which integrates data from multiple hospital systems such as patient administration systems, pathology, radiology and medical devices.

This allows clinicians to access real-time patient information and receive alerts or insights within their workflows, unlike traditional health IT systems, which are largely passive.

The platform sits on top of existing hospital IT infrastructure rather than replacing it, enabling hospitals to improve interoperability and adopt new technologies such as AI-driven clinical decision support without undertaking large-scale system replacements.

Many legacy electronic health record systems were originally designed for record keeping rather than real-time clinical decision-making, further supporting demand for interoperable platforms.

The company recently provided a March quarter update, with management also announcing a positive add-on acquisition to boost domestic exposure on top of the company securing a major UK deal.

As of 2025, revenue generated from the UK represented 63% of total sales, with A&NZ contributing 37%.

Moelis noted 3Q26 total contract revenue secured was $11.7m over the period, with varying durations from one to five years, which the broker viewed as underpinning revenue from FY27 onwards.

Renewals over the period represented around 50% of total contract value, while the balance was generated from upsells and new customers, including a Silverlink Patient Administration/Patient Care System renewal.

Management's FY26 guidance outlook stood at revenue of more than $50m and earnings (EBITDA) of $5m. Guidance assumed finalisation of a seven-year agreement with University Hospitals Sussex worth more than $35m in total contract value.

March quarter guidance validated with UK contract win

Less than a week later, management announced the win, with Canaccord Genuity noting the agreement is to deploy the Miya Precision EPR (electronic patient record) platform and could be extended to $49m over 10 years.

Miya is to be installed immediately over an approximately 18-month timeframe, with phase one expected to go live in June 2027.

As explained by Bell Potter, University Hospitals Sussex is the third UK customer to adopt Alcidion's EPR product. This broker sees the agreement as further validation and "referenceability" in the UK for winning future tenders in a competitive market.

Contracted revenue for FY26 is expected to increase to $52.3m as $8.5m of upfront implementation revenue comes on stream. Bell Potter believes the project adds further confidence management can achieve FY26 earnings (EBITDA) guidance of $5m.

For Canaccord Genuity, the deal is regarded as a ***"high-quality de-risking"*** event, with the broker concurring with Bell Potter that Alcidion can secure large-scale EPR tenders.

The agreement also aligns with management's "land-and-expand" model, whereby additional modules can be deployed over time. This should support longer-term contract growth and improve visibility across annual recurring revenue.

Like Canaccord, Bell Potter flags the likelihood of additional modules being added, as has been the case for prior wins with North Cumbria Integrated Care NHS Foundation Trust (NCIC) and South Tees Hospitals NHS Foundation Trust.

The University Hospitals Sussex rollout should add incremental annual recurring revenue of around $3.5m-$4m, Bell Potter estimates, while Alcidion's annual recurring revenue base has now expanded to more than $38m, including the Kyra acquisition.

Kyra acquisition

As outlined by RBC Capital, Alcidion recently announced the proposed acquisition of Kyra Patient Flow from Telstra Health ((TLS)) for $3m upfront, with a further $1m cash-based earnout subject to the business meeting a 12-month recurring revenue target.

Kyra will increase the company's A&NZ exposure, expanding the suite of digital solutions designed to meet hospital requirements for patient flow and data access in Australia, while remaining compatible with Alcidion's existing products.

Additional revenue generated is flagged at $3.7m, 90% of which is recurring, with underlying earnings (EBITDA) for FY26 of $1.1m, RBC notes. Moelis observes Kyra has low expected churn among its 33 Australian customers.

The acquisition is due to be completed by the end of June and should be earnings accretive from completion. RBC forecasts FY27 EPS will increase by 0.042c per share.

With an attractive acquisition multiple of 3.6x, RBC views the purchase positively. Additional upside could come from possible conversion of Kyra Patient Flow customers to Miya Precision and potential cost synergies.

What are the brokers thinking?

Following the recent win, Canaccord upgraded FY26 revenue forecasts to $52.1m from $50.3m and earnings (EBITDA) forecasts to $6.9m from $6.7m. The estimated gross margin was downgraded to 78% from 83% due to the implementation mix within the Sussex rollout and a third-party module.

Canaccord expects the gross margin to normalise over the next half (1H27) and highlights potential upside earnings risk from additional wins during the remainder of the June quarter.

Canaccord has an unchanged Buy rating with a 14c target.

Moelis underscores the importance of Alcidion's long-term relationships in a defensive sector. Strategically, this broker sees ongoing potential to scale through module upselling alongside new customer wins.

Moelis believes earnings forecasts and the Buy rating are underpinned by "operating leverage" from the continued expansion of the growth strategy. Target price 16c.

Bell Potter estimates the annual recurring revenue base is more than $38m following the Kyra acquisition. There is no change to the Buy rating or 16c target price.

Cash on hand at the end of March stood at $15.1m, with Bell Potter noting large projects can be volatile and the financial risk of requiring additional capital cannot be dismissed if deals are deferred or cancelled.

RBC has a Sector Perform rating (Speculative Risk) with an upgraded target price of 13c from 11c.

SMALL CAPS

Symal Group’s Expansion Story Gaining Traction

Viewed as a key “picks and shovels” provider to Australia’s infrastructure build-out, Symal Group delivered several encouraging updates at its recent investor day.

- **Symal Group's investor day delivers upbeat message**
- **Immaterial impact from higher diesel prices**
- **Tender pipeline signals strong visibility**
- **Analysts suggest share price reflects risks but not upside potential**

By Mark Woodruff

Management at Symal has reoriented the business towards higher growth areas

Diversified contractor Symal Group ((SYL)) offers exposure to long-term infrastructure and sustainability themes via the group’s diversified and vertically integrated civil construction, utilities and equipment hire operations.

The group listed on the ASX on November 21, 2024, following a $136m IPO priced at $1.85 per share.

Shares are currently trading around $2.78 after management successfully diversified Symal’s revenue base away from traditional infrastructure, with higher-growth end markets including digital infrastructure, defence and utilities now accounting for 61% of total work-in-hand (WIH), up from 21% at listing.

Updating research following Symal’s recent investor day, Morgans believes recent share price weakness represents a buying opportunity after investors extrapolated lower margins from the February interim result, which the analyst instead views as the result from investment for future growth.

While fuel and material costs have been a headwind, Founder and Group Managing director Joe Bartolo noted “our disciplined contracting model and risk management more broadly has kept the impact immaterial to our FY26 guidance”.

Canaccord Genuity also believes concerns around diesel price impacts are overstated, citing Australia's strong ability to attract fuel tanker supply from other regions.

Market concerns around a slowdown in Victoria's Big Build spending are equally seen as overstated, with Canaccord noting annual infrastructure investment remains well above levels seen a decade ago.

The broker highlights Symal has proactively repositioned its Victorian pipeline toward structural growth opportunities including Melbourne Airport, the Port of Melbourne, data centres, defence and renewable energy -- where the group has already established proven capabilities.

While the key step change in contract wins (see further below) will likely occur through 2027 rather than the second half of 2026, Canaccord sees the current set-up as compelling given the breadth of opportunities and management's proactive repositioning of the business toward higher-growth and more attractive end markets.

Guidance tightened

A week prior to the investor day, management tightened FY26 earnings (EBITDA) guidance to $120m-$126m from $117m-$127m.

The group's long-term earnings margin aspiration of between 10%-12% was also reiterated.

At the time, Jarden felt management had once again proven its disciplined operating performance and project execution.

Noting an accelerating infrastructure and technology investment cycle in Australia, management believes Symal is ideally positioned to capture this opportunity.

Following Symal's investor day on May 19, Morgans' investment thesis for Symal as the "picks and shovels" provider to Australia's infrastructure build-out remains intact even noting the group's aspirational FY30 earnings target of $200m may be achieved earlier than expected.

Further valuation upside remains, the broker suggests, if management achieves its FY28/29 targets, supported by the current work pipeline, M&A optionality through a $300m facility, and growth potential across operating platforms Locale and Searo.

Morgans highlights growth across infrastructure, energy, defence and digital markets, alongside M&A optionality and points to a substantial pipeline comprising $7.5bn of recently tendered work and a further $1.4bn of projects in early contractor involvement (ECI) stages.

The business explained

The group operates across four key business platforms spanning civil construction, utilities and infrastructure services, providing exposure to long-term growth themes across infrastructure, energy, digital/data centres, and defence.

The core Symal division focuses on major civil infrastructure projects including roads, rail, water and transport works and accounts for 39% of WIH end market mix.

Energy is approaching infrastructure as Symal's largest end market with 31% of the WIH pie, Canaccord highlights, supported by $122bn of grid-scale investment and near-term opportunities including a proposed 1.2GW wind project expected later this year.

This broker also points to structural growth opportunities in data centres, where exposure primarily sits via the Searo platform; discussions are increasing in scale.

The company's Digital Infrastructure division (9% of WIH) provides electrical infrastructure and power-related capabilities critical to data centre construction.

Defence (3% of WIH) offers exposure to a multi-year government spending cycle, while the Wamarra business is an Indigenous-owned civil construction business with growing defence exposure.

Elsewhere, the Locale platform (acquired last August) focuses on utility infrastructure and maintenance services, particularly electricity distribution network works.

The business performs construction, maintenance and upgrade work for power utilities and infrastructure owners.

Investor day highlights

Morgans points to several standout disclosures from the investor day, including the long-term growth runway for Locale, along with Searo's expansion into a $114bn addressable electrical infrastructure market supported by a $2.6bn pipeline.

For the first time, Symal presented its tender pipeline, totalling $8.5bn including $1.4bn of projects in early contractor involvement (ECI) stages.

The group typically converts around 90% of ECI projects into WIH and approximately 25% of the broader tender pipeline, Ord Minnett highlights.

Potential expansion

Symal's M&A strategy focuses on expanding into new geographies, broadening exposure across end markets and adding higher-margin capabilities, Ord Minnett explains.

Supported by a flexible $300m corporate debt and bank guarantee facility, the group retains significant capacity to expand across the eastern seaboard and South Australia, in this broker's view, while strengthening its position as a diversified infrastructure delivery provider across several disciplines.

Key step change in contract wins

Canaccord expects interstate growth opportunities to build into 2027, supported by potential Olympics-related contract awards in Queensland and major AUKUS infrastructure spending in South Australia.

The broker believes Symal is well positioned in Queensland through its existing capabilities and local acquisition platform.

Local contractors are already operating at capacity in South Australia, the broker notes, increasing the likelihood eastern seaboard groups will be required to help deliver upcoming projects.

Symal has already established a joint venture with its largest local competitor in South Australia to de-risk and hopefully participate across all three major AUKUS packages, representing an around $30bn infrastructure opportunity, Canaccord notes.

Value is still seen as emerging in the near term given the strength of the pipeline and improving exposure to structural growth end markets.

Jarden agrees with Canaccord FY27 could prove a pivotal year for earnings, with contributions from M&A and a potential ramp-up of the Gawara Baya wind farm project expected to provide a meaningful tailwind, assuming operating conditions remain resilient.

Outlook

Ord Minnett remains positive on the Symal investment story, supported by the company's vertically integrated business model and 90% repeat business strike rate, while viewing the aspirational FY30 EBITDA target of $200m as achievable.

With Symal trading on around 6.5x FY27 EV/EBIT, Canaccord continues to view the current valuation as compelling relative to peers trading on a median multiple near 10x.

Regarding new contract opportunities and strategic partnerships, Jarden is seeking updates on Symal's positioning ahead of Queensland Olympics-related works, progress across power and renewables projects, and further advancement of the company's defence capabilities.

Daily monitored brokers in the FNArena database, Buy-rated Morgans and Ord Minnett, maintain their respective targets of $3.35 and $3.30 for Symal Group.

Outside daily coverage, Canaccord Genuity and Jarden also retain Buy ratings with unchanged targets of $3.50 and $3.05, respectively, with Jarden's most recent update following the company's narrowed guidance on May 12.

The average target of all four brokers is $3.32, implying around 19.6% upside to yesterday's $2.78 closing share price.

The author owns shares in Symal Group.

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

Weekly Ratings, Targets, Forecast Changes - 22-05-26

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

By Mark Woodruff

Guide:

The FNArena database tabulates the views of seven major Australian and international stockbrokers: Citi, Bell Potter, Macquarie, Morgan Stanley, Morgans, Ord Minnett, 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 May 18 to Friday May 22, 2026
Total Upgrades: 8
Total Downgrades: 9
Net Ratings Breakdown: Buy 66.09%; Hold 27.27%; Sell 6.64%

For the week ending Friday, May 22, 2026, FNArena recorded eight upgrades and nine downgrades from seven brokers monitored daily across ASX-listed companies.

The world's largest pallet pool operator Brambles received two rating downgrades, as well as one upgrade, after management lowered earnings growth expectations due to capacity constraints in pallet repair operations.

The share price fell by around -20% on the day of the announcement.

The following article https://fnarena.com/index.php/2026/05/21/brambles-cost-recovery-challenge/ details measures undertaken by management to rectify the problem and summarises views on the outlook for Brambles.

For the fifth consecutive week, falls in average target prices (valuations) materially outweigh increases, while changes to average earnings forecasts were broadly balanced.

Online furniture and homewares retailer Temple & Webster suffered the largest fall (-35%) in average target as Morgan Stanley and Bell Potter updated their forecasts after a trading update in the prior week which missed consensus forecasts, with revenue and earnings tracking toward the lower end of guidance.

Morgan Stanley cut its target by -67% to $8.00 due to valuation de-rating and weaker forecasts, though the broker retained an Overweight rating, citing the intact asset-light business model, expanding market position and long-term growth opportunity.

Similarly, Bell Potter found a positive in the form of margin improvement initiatives implemented since March, which appear to be supporting margins.

While it's felt the company can still achieve materially higher earnings through improved operating efficiency, this broker slashed its target to $7.00 from $13.00 due to valuation multiple compression.

Brambles and automotive aftermarket parts and services company Bapcor are next with falls in average targets of -17% and -15%, respectively.

As explained in last week's article, management at Bapcor yet again downgraded FY26 earnings guidance, this time blaming challenging trading conditions arising from higher interest rates and the Middle East conflict.

While some operational initiatives are gaining traction and sales trends improved modestly through February to April, Morgans highlighted execution continues to be overshadowed by external headwinds.

Given ongoing earnings volatility, delayed deleveraging and limited visibility, Morgans lowered its target by -20c to 41c.

Also citing significant operating deleverage, Morgan Stanley reduced its target price by around -40% to 25c.

Elders, Nick Scali and Beacon Lighting received cuts to average targets of respectively -15%, -14% and -11%.

Australian agribusiness company Elders released interim results showing an unexpectedly strong rise in costs. For a more detailed summary of broker views see the commentary section of FNArena's Corporate Results Monitor at https://fnarena.com/index.php/2026/05/22/fnarena-corporate-results-monitor-22-05-2026/

For furniture retailer Nick Scali, here Citi assumed like-for-like sales will contract by -2% in FY27 due to higher interest rates and a relatively adverse Federal Budget for housing retailers. Citi reduced its target by -26% to $14.15.

A&NZ gross margin expansion in FY27 is still anticipated, albeit at a slower rate, with currency likely to provide a tailwind.

Management has traditionally avoided discounting during periods of softer demand, the broker noted.

Macquarie also lowered its EPS forecasts and assumed a lower valuation multiple, resulting in a new target of $15.30, down from $21.60.

The Nick Scali share price has fallen to $13.38 from over $23.00 prior to interim results in February.

The analyst at Macquarie is maintaining the faith with an Outperform rating, noting the share price does not reflect a net cash balance sheet (forecast to reach $127m in FY26) which provides insulation from macroeconomic pressures. Longer-term UK upside was also highlighted.

Citi reduced its target price for Beacon Lighting by -39% to $1.68 with EPS estimates for FY26 lowered by -2% due to higher cost of doing business.

The prior 30% premium in valuation has been replaced with a discount of -30% to reflect increasing pressures for the Australian housing sector post interest rate rises and the Federal Budget.

Along with negative adjustments to target price, Bapcor, Temple & Webster and Elders also appear in the week's list for negative change to average earnings forecasts.

Iluka Resources is second on this list after Ord Minnett adjusted its estimates for higher diesel prices. The investment case is seen as shifting toward rare earths, with mineral sands attracting limited enthusiasm.

Offtake deals are expected from mid-year to support rare earth news flow, though pricing may disappoint, the broker cautioned.

Ord Minnett upgraded its rating to Buy from Hold and raised the target to $9.00 from $8.00. Mineral sands net debt is expected to stabilise this year, with any capital raising likely deferred until next year.

Due to research updates by Morgans, uranium exposures NexGen Energy and Paladin Energy appear first and fifth on the table for falls in average earnings forecasts, while initiation of coverage by the broker places Boss Energy atop the table for positive change.

Coverage was initiated on NexGen with a Buy rating and $20.80 target. The company is highlighted as one of the most leveraged exposures to the uranium cycle through the Rook I project in Saskatchewan's Athabasca Basin, which is entering the construction phase. First production is targeted for 2031.

The project sits at the bottom quartile of the global cost curve in the world's premier uranium jurisdiction.

Underpinning Morgans' Buy thesis are two decades of suppressed uranium prices hollowing out supply, leaving the industry short of capital and spare capacity just as reactor demand begins to accelerate.

These forces are considered more difficult to reverse in the current cycle amid a structural supply deficit and geopolitical reshaping of nuclear fuel supply chains. China has 38 reactors under construction, while the US is targeting 400GW of nuclear capacity by 2050.

Paladin is seen offering both near-term production and a world-class development asset, with the Langer

Heinrich in Namibia ramping towards nameplate capacity of 6mlb per annum.

As was the case for the broker's NexGen initiation, reinstatement of research coverage with new earnings forecasts for Buy-rated Paladin (target of $13.05) had the effect of lowering the company's average earnings forecast in the FNArena database.

While Boss Energy has withdrawn from an enhanced feasibility study for its Honeymoon project in South Australia, the broker points to substantial uranium inventory and one of the strongest balance sheets in the sector.

Morgans last week initiated research coverage on Boss with an Accumulate rating and $1.55 target.

Coming third and fourth on the table for positive change to average targets are global testing, inspection and certification company ALS Ltd and Capstone Copper with rises of 19% and 16%, respectively.

Earnings 'beats' for both companies are discussed in the Results Monitor.

Karoon Energy received a 25% boost to its average earnings forecast. Eagle-eyed readers will also have noticed the appearance of Beach Energy, Woodside Energy and Santos further down the table.

Last week, Citi raised its oil price outlook, arguing the market is underestimating both the likely duration of Strait of Hormuz disruption and the risk of further escalation.

Revised forecasts lifted 2026/2027 oil price projections by 8% and 7%, driving double-digit earnings upgrades across the broker's upstream oil and gas coverage.

Citi's base case assumes a US-Iran memorandum of understanding is reached in the third quarter, allowing a gradual reopening of the Strait of Hormuz through end-2026.

Commentary also pointed to meaningful upside risk to spot gas prices given Europe's low inventory starting point during the restocking cycle.

More in-depth stories on James Hardie Industries, TechnologyOne and Gentrack Group are set to be published on the FNArena website early this week.

In the meantime, an explanation for 'in-line' reporting by James Hardie and TechOne, along with a 'miss' by Gentrack are available in the Monitor.

https://fnarena.com/index.php/reporting_season/

Total Buy ratings remain elevated at 66.09%, with Sell ratings at just 6.64%, leaving 27.27% on Neutral/Hold.

Upgrade

BRAMBLES LIMITED ((BXB)) Upgrade to Buy from Neutral by UBS .B/H/S: 3/3/0

UBS upgraded Brambles to Buy from Neutral with a price target of $23.80, down from $25.40.

The -20% pullback in the shares is seen as overdone and creating "compelling" valuation support.

See also BXB downgrade.

DOCTOR CARE ANYWHERE GROUP PLC ((DOC)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 1/0/0

The acquisition of MedicSpot UK marks a pivotal moment for Doctor Care Anywhere in Bell Potter's opinion, as it diversifies the business and provides the ability to serve a broader market for corporate health care.

The broker points out the transaction was for assets only rather than the corporate structure. Major assets include the website and the estimated 2500 customers ordering GLP-1 weight loss products each month.

Bell Potter believes the acquisition for just GBP850,000 represents "deep value" and raises the target to $0.24 from $0.20. Rating is upgraded to Buy from Hold.

EVOLUTION MINING LIMITED ((EVN)) Upgrade to Buy from Neutral by UBS .B/H/S: 4/2/0

UBS observes copper is currently at the "centre of the mining cycle" owing to structural demand from electrification, electric vehicles, grid infrastructure and AI data centres.

The outlook for copper fundamentals is considered more compelling amid key supply challenges, declining grades and ongoing mine disruptions.

The broker has lifted 2026 price estimates by 13% to US$5.89/lb with a long-term price forecast of US$5.50/lb.

UBS calculates this improves average earnings out to 2028 for its copper coverage by 2-13%.

Evolution Mining, which has potential to lift its copper exposure to 30% from 20% from a possible expansion of Northparkes, is upgraded to Buy from Neutral with the target rising to $14.00 from $13.80.

ILUKA RESOURCES LIMITED ((ILU)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 3/1/0

Ord Minnett adjusts mineral sands estimates, building in higher diesel prices for the rest of the year.

Iluka Resources is moving, in terms of the investment case, to rare earths from mineral sands, with the latter described by Ord Minnett as a sector with few enthusiasts.

The broker also expects the company will be announcing offtake deals from mid-year to keep the rare earth news flow "active". There may be a risk that offtake prices disappoint so Ord Minnett is not "overly aggressive".

Rating is upgraded to Buy from Hold and the target lifted to $9 from $8. The broker expects the mineral sand net debt will stabilise this year and grow next year, but any capital raising is likely to be delayed into next year.

ORA BANDA MINING LIMITED ((OBM)) Upgrade to Buy from Neutral by UBS .B/H/S: 3/0/0

Ora Banda Mining's price target has increased to $1.60 (from $1.40) at UBS. The broker has also upgraded to Buy from Neutral.

QUALITAS LIMITED ((QAL)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 2/0/0

Morgans raises its target for Qualitas by 90c to $3.50 and upgrades to Buy from Accumulate. This follows a third quarter update, changes to residential property investment rules in the Federal Budget and the sale of an additional stake in Metrics Credit.

The broker believes concerns around private credit remain overdone for higher-quality managers. It's noted Qualitas benefits from predominantly institutional capital, limited redemption risk and a loan book heavily weighted to senior residential debt.

Commentary also highlights strong growth in fee-earning funds under management and record deployment levels. Valuation support is seen as relatively attractive following recent transactions in comparable private credit managers.

SANDFIRE RESOURCES LIMITED ((SFR)) Upgrade to Neutral from Sell by UBS .B/H/S: 2/2/1

UBS observes copper is currently at the "centre of the mining cycle" owing to structural demand from electrification, electric vehicles, grid infrastructure and AI data centres.

The outlook for copper fundamentals is considered more compelling amid key supply challenges, declining grades and ongoing mine disruptions.

The broker has lifted 2026 price estimates by 13% to US$5.89/lb with a long-term price forecast of US$5.50/lb. UBS calculates this improves average earnings out to 2028 for its copper coverage by 2-13%.

Sandfire Resources is considered a consistent, reliable mid-tier producer and is upgraded to Neutral from Sell with the target lifted to $20.00 from $16.75.

TECHNOLOGY ONE LIMITED ((TNE)) Upgrade to Accumulate from Hold by Morgans .B/H/S: 5/1/0

First half results from TechnologyOne were largely in line with expectations, and Morgans believes the business enters the strong half well-positioned to achieve the upper end of its FY26 guidance. Annual recurring revenue of $598m was up 17%.

Churn was low, with management signalling no material customer losses. FY26 targeted revenue growth is 16%-18% and pre-tax profit growth 18%-20%.

Morgans upgrades to Accumulate from Hold and raises the target to $32.30 from $31.20, noting the company has consistently delivered market-leading revenue and revenue retention rates.

Downgrade

A2 MILK COMPANY LIMITED ((A2M)) Downgrade to Sell from Neutral by Citi .B/H/S: 3/2/1

Citi downgrades its rating for A2M to Sell from Neutral, citing downside risk from ongoing supply challenges, largely outside management's control.

These issues come at a difficult time, the analyst points out, with industry volumes under pressure following a weaker 2025 birth rate, with impacts potentially extending into FY27.

While supportive of the company's strategy and business model, Citi feels the FY26 PE multiple of 28x leaves limited room for error.

The broker sets a $5.85 target price, down from $8.40, and adopts a more cautious stance.

AGL ENERGY LIMITED ((AGL)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 2/2/1

Ord Minnett views an increasing downside risk to earnings for AGL Energy as the electricity market transition evolves less favourably compared with prior expectations.

Battery capacity in the National Electricity Market is being deployed materially faster than required in the absence of corresponding coal-fired retirement.

The excess flexibility is suppressing price volatility and reducing the earnings potential for batteries and other flexible generation assets such as gas peakers and hydro.

As a result, the broker downgrades to Hold from Buy and reduces the target to $11.75 from $13.25. Earnings estimates are reduced by -10% for FY27 and -17% for FY28.

BRAMBLES LIMITED ((BXB)) Downgrade to Equal-weight from Overweight by Morgan Stanley and Downgrade to Hold from Accumulate by Morgans .B/H/S: 3/3/0

Morgan Stanley continues to like the long-term structural growth story and market position of Brambles. The company has cut FY26 guidance after repair "bottlenecks" emerged across parts of its US network which drove higher supply chain costs and limited pallet availability.

Profit growth guidance has been reduced to 3-5%, reflecting an estimated -US$60m earnings hit. Morgan Stanley reduces FY26 and FY27 EPS estimates by -8% and -5%, respectively.

As the risk/reward now appears more balanced and the stock is unlikely to re-rate until there is greater clarity on the issues, the broker downgrades to Equal-weight from Overweight. Target is lowered to $19 from $28. Industry view is In-Line.

Morgans has downgraded Brambles to Hold from Accumulate and lowered the target to $18.70 from $25.50 post management's "disappointing" trading update, which included a profit warning.

Management lowered FY26 constant currency revenue growth guidance to 2%-3% versus 3%-4% previously with underlying earnings (EBIT) growth now expected at 3%-5% from 8%-11% previously.

The downgrade reflects pallet repair constraints in parts of the US relating to subcontractor turnover at service centres, labour shortages and higher supply chain costs.

Underlying earnings (EBIT) forecasts are lowered by -4% for FY26 and -5% for FY27.

See also BXB upgrade.

INSURANCE AUSTRALIA GROUP LIMITED ((IAG)) Downgrade to Neutral from Buy by Citi .B/H/S: 2/1/1

Citi downgrades its rating for Insurance Australia Group to Neutral from Buy after a 12% share price rally over the past fortnight leaves the stock trading close to the broker's $8.50 target price.

While the broker acknowledges potential upside to gross written premium growth and capital returns, it has not yet incorporated management's high single-digit EPS growth targets into forecasts.

The analyst also warns Greensill-related litigation risk may increasingly return to investor focus following significant reserve increases by Tokio Marine and legal charges recognised by Marsh.

Although management continues to expect no net financial exposure, Citi believes ongoing court proceedings could generate additional uncertainty and headline risk over coming months.

ORIGIN ENERGY LIMITED ((ORG)) Downgrade to Lighten from Hold by Ord Minnett .B/H/S: 2/1/1

Ord Minnett views an increasing downside risk to earnings for Origin Energy as the electricity market transition evolves less favourably compared with prior expectations.

Battery capacity in the National Electricity Market is being deployed materially faster than required in the absence of corresponding coal-fired retirement.

The excess flexibility is suppressing price volatility and reducing the earnings potential for batteries and other flexible generation assets such as gas peakers and hydro.

As a result the broker downgrades to Lighten from Hold and reduces the target to $10.40 from $11.00. Earnings estimates are reduced by -21% for FY27 and -24% for FY28.

QPM ENERGY LIMITED ((QPM)) Downgrade to Speculative Hold from Speculative Buy by Bell Potter .B/H/S: 1/1/0

Bell Potter downgrades QPM Energy to Speculative Hold from Speculative Buy with a lower target of $0.03 from $0.06 post what was viewed as another "soft" quarterly update.

Gas supply for the March quarter came in at 2.2PJ versus the forecast of 2.4PJ with electricity dispatches falling short of expectations at 34.5GWh, versus estimate of 36.7GWh.

Average realised price was also lower than anticipated with sales in line. The analyst notes the Isaac Power station is moving towards a final investment decision.

Downward pricing pressure on electricity prices is expected to moderate as the market readjusts over time.

SPC GLOBAL HOLDINGS LIMITED ((SPG)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 0/1/0

SPC Global has announced a $100m underwritten capital raising at $0.10 a share with $75m dedicated to directly reducing the debt burden. Management has also reconfirmed FY26 guidance for normalised EBITDA of $38m.

Ord Minnett notes, while solving the debt issue, the extent of the capital raising brings into question some of its previous assumptions for cash flow and sales.

While the turnaround may have momentum, other issues include inventory, stability of the board, sales growth and product safety.

The broker has become more cautious and downgrades to Hold from Buy, lowering the target to $0.17 from $0.75 post the capital raising.

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

Macquarie downgrades Telstra Group to Neutral from Outperform with a slightly lower target price of $5.57 from $5.64.

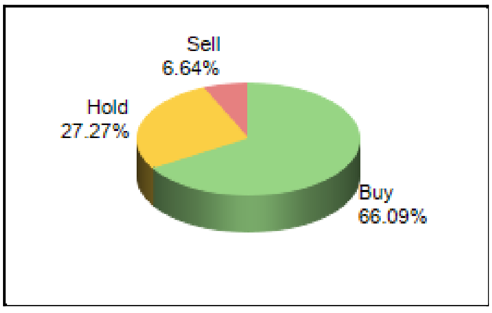
The analyst believes it is harder to "justify" the defensive premium against a backdrop of accelerating inflation/growth, the SaaS sell-off and slower subscriber in operation (SIO) meaning the telco needs to lean more into cost cutting.

Telstra raised NBN plan prices by around 3.6% or $2.40 per month, broadly offsetting higher nbnCo wholesale charges from July 2026. The ACMA also finalised spectrum renewal pricing, with total industry costs slightly below prior estimates and Telstra guidance.

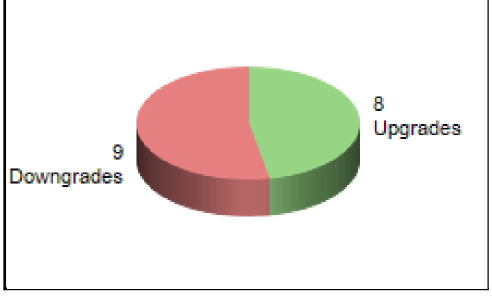
Post the de-rating of tech stocks, the broker prefers tech over defensive telcos and views the defensive premium as vulnerable against a rising interest rate environment.

EPS forecasts are tweaked lower but the analyst believes ongoing portfolio management and cost reduction efforts leave scope for future capital management initiatives.

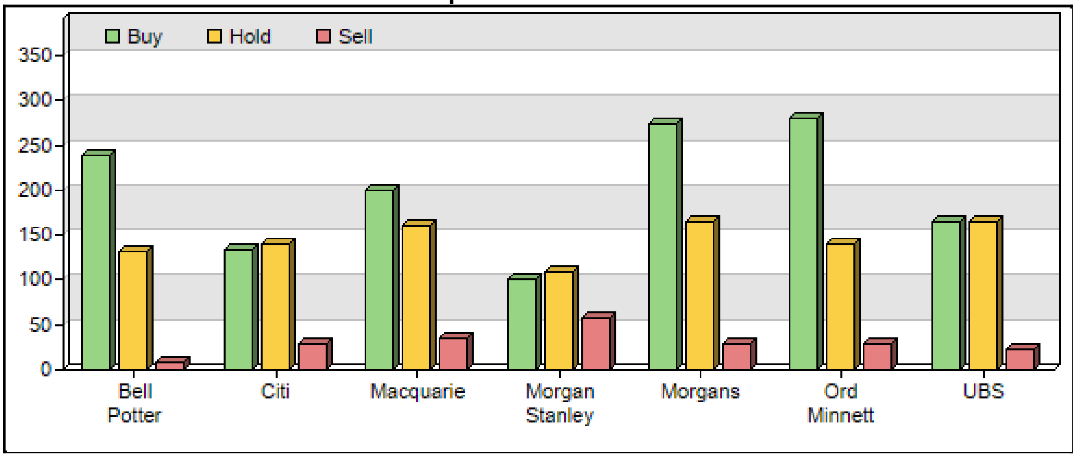
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BRAMBLES LIMITED	Buy	Neutral	UBS
2	DOCTOR CARE ANYWHERE GROUP PLC	Buy	Neutral	Bell Potter
3	EVOLUTION MINING LIMITED	Buy	Neutral	UBS
4	ILUKA RESOURCES LIMITED	Buy	Sell	Ord Minnett
5	ORA BANDA MINING LIMITED	Buy	Neutral	UBS
6	QUALITAS LIMITED	Buy	Buy	Morgans
7	SANDFIRE RESOURCES LIMITED	Neutral	Sell	UBS
8	TECHNOLOGY ONE LIMITED	Buy	Neutral	Morgans
Downgrade				
9	A2 MILK COMPANY LIMITED	Sell	Neutral	Citi
10	AGL ENERGY LIMITED	Neutral	Buy	Ord Minnett
11	BRAMBLES LIMITED	Neutral	Buy	Morgans
12	BRAMBLES LIMITED	Neutral	Buy	Morgan Stanley
13	INSURANCE AUSTRALIA GROUP LIMITED	Neutral	Buy	Citi
14	ORIGIN ENERGY LIMITED	Sell	Neutral	Ord Minnett
15	QPM ENERGY LIMITED	Neutral	Buy	Bell Potter
16	SPC GLOBAL HOLDINGS LIMITED	Neutral	Buy	Ord Minnett
17	TELSTRA GROUP LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	NHC	NEW HOPE CORPORATION LIMITED	5.538	5.300	4.49%	4
2	APA	APA GROUP	9.028	8.668	4.15%	5
3	CSC	CAPSTONE COPPER CORP.	16.240	15.640	3.84%	5
4	SFR	SANDFIRE RESOURCES LIMITED	19.200	18.550	3.50%	5
5	ILU	ILUKA RESOURCES LIMITED	7.650	7.400	3.38%	4
6	TNE	TECHNOLOGY ONE LIMITED	31.738	30.947	2.56%	6
7	KAR	KAROON ENERGY LIMITED	2.122	2.072	2.41%	5
8	BHP	BHP GROUP LIMITED	57.400	56.067	2.38%	6
9	RIO	RIO TINTO LIMITED	172.500	168.667	2.27%	6
10	ASK	ABACUS STORAGE KING	1.583	1.550	2.13%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	TPW	TEMPLE & WEBSTER GROUP LIMITED	6.842	10.508	-34.89%	6
2	BXB	BRAMBLES LIMITED	21.958	26.317	-16.56%	6
3	BAP	BAPCOR LIMITED	0.410	0.484	-15.29%	5
4	ELD	ELDERS LIMITED	7.130	8.380	-14.92%	5
5	NCK	NICK SCALI LIMITED	17.363	20.200	-14.04%	4

6	BLX	BEACON LIGHTING GROUP LIMITED	2.133	2.400	-11.13%	4
7	WEB	WEB TRAVEL GROUP LIMITED	4.940	5.442	-9.22%	6
8	LLC	LENDLEASE GROUP	4.558	4.945	-7.83%	4
9	A2M	A2 MILK COMPANY LIMITED	8.100	8.610	-5.92%	6
10	JIN	JUMBO INTERACTIVE LIMITED	11.960	12.680	-5.68%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	BOE	BOSS ENERGY LIMITED	7.033	5.240	34.22%	7
2	KAR	KAROON ENERGY LIMITED	29.661	23.824	24.50%	5
3	ALQ	ALS LIMITED	87.250	73.600	18.55%	5
4	CSC	CAPSTONE COPPER CORP.	80.534	69.238	16.31%	5
5	JHX	JAMES HARDIE INDUSTRIES PLC	177.580	163.579	8.56%	6
6	BPT	BEACH ENERGY LIMITED	17.714	16.667	6.28%	7
7	BEN	BENDIGO & ADELAIDE BANK LIMITED	88.025	83.025	6.02%	5
8	WDS	WOODSIDE ENERGY GROUP LIMITED	276.598	263.163	5.11%	6
9	STO	SANTOS LIMITED	84.508	81.301	3.94%	6
10	GTK	GENTRACK GROUP LIMITED	9.663	9.300	3.90%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	NXG	NEXGEN ENERGY LIMITED	-12.996	-0.119	-10821.01%	3
2	ILU	ILUKA RESOURCES LIMITED	-18.175	-15.525	-17.07%	4
3	BAP	BAPCOR LIMITED	1.675	2.000	-16.25%	5
4	TPW	TEMPLE & WEBSTER GROUP LIMITED	7.075	8.375	-15.52%	6
5	PDN	PALADIN ENERGY LIMITED	-3.589	-3.122	-14.96%	7
6	ELD	ELDERS LIMITED	48.550	54.820	-11.44%	5
7	360	LIFE360 INC	70.287	78.052	-9.95%	6
8	CAT	CATAPULT SPORTS LIMITED	-11.508	-10.542	-9.16%	5
9	BXB	BRAMBLES LIMITED	98.573	106.911	-7.80%	6
10	NCK	NICK SCALI LIMITED	86.800	92.133	-5.79%	4

Technical limitations

If you are reading this story through a third party distribution channel and you cannot see charts included, we apologise, but technical limitations are to blame.

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WEEKLY REPORTS

Uranium Week: Structural Bull Cycle Intact

Analyst views are more bullish on U308 as structural supply shortages, growing nuclear demand and surging AI-driven electricity needs drive expectations for higher long-term U308 prices.

- **Uranium spot price takes a breather but remains up 3% year-to-date**
- **Morgans forecasts U308 prices reaching US$130/lb by FY41 as supply shortages deepen**
- **Upgrades for Paladin and Boss Energy as short interests rise**

By Danielle Ecuyer

A quiet week in the spot market belies upbeat sentiment

It was quite the week for brokers upgrading their views and forecasts for the uranium sector, against a backdrop of volatility in the U308 spot market according to industry consultant TradeTech.

The spot price slipped -US$1.50/lb to US$84.50/lb after trading as high as US$85.50/lb in the early part of last week.

Participants were noted as closely watching the outcome of a large US utility tender seeking up to 7.2mlbs for delivery between 2027 and 2035.

On Monday, three deals took place for delivery at Orano's French facility, with another two transactions for delivery of 50klbs of U308 to Orano. No further transactions in the spot market took place over the week.

The TradeTech Mid-Term price indicator stands at US$90/lb and the Long-Term price indicator at US$93/lb.

The consultants also highlighted the all-stock merger between US utility NextEra Energy and Dominion Energy, thereby creating the world's largest electric utility business. The deal is valued at US$67bn.

Morgans initiates coverage on the U308 sector

Morgans is the latest Australian broker to initiate coverage on the uranium sector with a blockbuster eighty-eight-page report.

The broker believes U308 has entered what it describes as a **"structurally constrained market"** underpinned by long-term supply shortages.

The challenges are being emphasised by an acceleration in demand from nuclear reactors, including a push for net zero emissions energy production, concerns around energy security in a more geopolitically fractured world, as well as accelerating demand from AI-related energy needs from hyperscalers and data centres.

Unlike previous cycles, this one is considered different because there are structural supply deficits rather than temporary supply disruptions or speculative demand.

Factors resulting in the demand push include more than twenty countries pledging at COP28 to triple nuclear capacity by 2050. China has 39 reactors under construction and is aiming for 110GW of nuclear capacity by 2030.

The US is targeting 400GW of nuclear capacity by 2050, compared to 100GW currently. France has removed its long-standing cap on nuclear generation, committing to new large-scale reactors.

Meanwhile, India is looking to grow its nuclear capacity to 100GW by 2047 from 8.8GW currently after opening up the sector to private investment.

Morgans also sees AI and hyperscale data centres as a major new uranium demand driver because nuclear is one of few scalable sources of reliable, zero-carbon baseload power.

Microsoft, Amazon, Google and Meta are all signing multi-decade nuclear power agreements or funding SMR development to support AI infrastructure growth.

Hyperscaler capex is expected to reach US$755bn in 2026 according to Goldman Sachs, up 83% on 2025. The underlying assets are energy hungry.

From a supply-side perspective, Morgans identifies the uranium industry as having suffered from chronic underinvestment following the Fukushima disaster, which pushed prices to uneconomic levels for years, particularly preventing new investment.

Major mines were shut or suspended, including Cameco's McArthur River and Paladin Energy's ((PDN)) Langer Heinrich. Kazakhstan, which supplies around 40% of global uranium production, has repeatedly downgraded output due to sulphuric acid shortages and well depletion.

With Russia controlling 40%-50% of global uranium enrichment capacity, the broker argues there is a scarcity of Western-friendly uranium supply, creating a major geopolitical risk for Western utilities after the Ukraine invasion.

Bringing new supply on stream is neither quick nor cheap, with mine development lead times of 7-15 years, meaning meaningful new supply cannot arrive quickly even with higher prices.

Taking a deeper dive into demand, Morgans points to utilities having contracted just 589Mlb of U_3O_8 over the past five years while reactors consumed around 815Mlb, creating a -226Mlb contracting deficit.

This uncovered demand will eventually need to be contracted, tightening the market further.

Morgans forecasts annual U308 demand rising to 83,840t by 2030 from 65,650t in 2023 and around 130,000t by 2040.

Nuclear fuel costs only represent around 10%-15% of reactor operating costs, meaning utilities are relatively insensitive to uranium price increases and prioritise security of supply.

In April, long-term uranium contract prices reached US$91.50/lb, a 14-year high which underscores the "real story" for Morgans. Utilities are increasingly looking to lock in future supply despite softer U308 prices.

Morgans forecasts uranium spot prices recovering to around US$100/lb by FY29 and expects prices to rise further to US$105-US$110/lb through FY31-FY34 as supply deficits deepen.

From FY35, the broker expects uranium prices reaching US$115/lb and ultimately US$130/lb by FY41.

U308 prices below US$80/lb would make a significant portion of future mine supply uneconomic, creating a structural floor under the market.

Let's get stock specific

Turning to individual stocks, **Paladin Energy ((PDN))** is Buy rated with a $13.05 target and is considered as offering an attractive entry point for investors into Morgans' *"uranium bull cycle"*.

The ramp-up at Langer Heinrich to nameplate capacity boosts near-term cash generation. In the medium to longer term, Patterson Lake South offers upside potential. The project is fully owned, with the feasibility study for the Athabasca Basin project completed.

Macquarie has recently upgraded Paladin to Outperform from Neutral. This analyst views the underperformance of the shares by -13% against **NexGen Energy** ((NXG)) and Cameco by -15% in the last five weeks or so as overdone.

The shares currently imply around a US$77/lb U308 price against the spot price of US$84.50/lb, while acknowledging there are possibly some downside risks to FY27 consensus production forecasts relative to guidance.

For Macquarie, Paladin is the preferred exposure among producers. The company is considered a great way to leverage the uranium cycle and AI megatrend. Patterson Lake South is also uncontracted for better exposure to higher U308 prices.

Target unchanged at $13.25. EPS forecast for FY26 declines by -32.6% on higher costs and the FY27 forecast is lifted by 3.2%.

Morgans highlights NexGen as the most leveraged to the uranium cycle via Rook I, which is viewed as a “single, genuine world-class” project moving into the construction phase.

Rook I is highlighted as a top five global U308 deposit by quality, with exceptional grade. The project sits in the bottom quartile of the global cost curve.

NexGen is Buy rated at Morgans with a $20.80 target.

Boss Energy ((BOE)) is Accumulate rated with a $1.55 target, with the analyst stressing the investment case depends on the ability for management to execute on Honeymoon with a wide-spacing well design.

Boss’ other project, Alta Mesa, remains an unproven in-situ recovery, or leaching, restart with EnCore as the operator. The strength of the balance sheet and Boss’ inventories are viewed as positive offsetting factors.

Macquarie has upgraded Boss to Neutral from Underperform despite the ongoing resource concerns around Honeymoon and the feasibility study. The risks are now considered more discounted at the current share price.

Honeymoon appears, for now, to be a considerably smaller and more “marginal” asset, the analyst explains, compared to what previous management believed.

EPS forecasts are tweaked up by 1.1% for FY26 and 1% for FY27 with an unchanged target price of $1.30.

Bannerman Energy ((BMN)) and **Deep Yellow** ((DYL)) remain the preferred developer exposures for Macquarie, with Etango moving to its final investment decision.

As highlighted by Macquarie's latest update on uranium, Bannerman Energy’s Chair Brandon Munro pointed to U308 term prices advancing higher to around US$120/lb to incentivise more greenfield projects.

This compares to TradeTech’s Long-Term price indicator of US$93/lb, as noted above, and Macquarie's own base case assumption of US$95/lb.

The partnership with CNNC is believed to considerably lower Bannerman’s funding needs. An Outperform rating is retained with a $5.55 target price.

For Deep Yellow, Macquarie notes development works at the Tumas project have been completed and the developer is starting the civil works phase, which could take around 10-12 months.

With a robust cash position, management is viewed as having some flexibility around the final investment decision. The stock retains an Outperform rating and $2.25 target.

For **Lotus Resources** ((LOT)), Macquarie has lowered its target price to $1.30 from $1.90.

Updated modeling assumes a higher equity dilution factor of -$0.80 per share against -$0.20 per share previously around expectations more equity capital will likely need to be raised at a lower share price and deeper discount.

Such a scenario could arise if Lotus encounters delays in export approvals from the Namibian and transit governments and/or prepayment inventory finance, the broker explains.

Argonaut has initiated coverage of **Alligator Energy** ((AGE)) with a Speculative Buy rating and a 7c target price. This analyst highlighted growing confidence in the Samphire uranium project pathway toward production by 2031.

The successful field recovery trial and pilot plant operations have materially de-risked both the technical and economic outlook for the project, while early trial results showed uranium extraction grades near the upper end of expectations, alongside favourable reagent consumption and strong recovery rates.

The current Samphire resource stands at 18Mlb U3O8, which is viewed as sufficient for the base case development scenario. Further upside could be forthcoming if there is exploration success at Blackbush and Plumbush, where exploration targets range between 14-75Mlb of U3O8.

A definitive feasibility study for Samphire is targeted for 2027, and the broker forecasts production based on a staged ISR development averaging around 1.0-1.2Mlbpa over a 12-year mine life.

All-in sustaining costs are estimated around US$33/lb, positioning Samphire as a potentially competitive future uranium producer.

Latest updates in short interest

As at May 19, as reported by ASIC, shorters have been upping their positions. Lotus continues carrying the most shorts at 17.62%, up 1.18% over the week.

Boss is in fourth position at 14.57%, up 1.47%, and Paladin in twelfth position at 10.47%, up 1.12%.

For more recent updates from FNArena, check out the latest weekly articles here:

https://fnarena.com/index.php/2026/05/19/uranium-week-paladin-trips-over-higher-costs/

https://fnarena.com/index.php/2026/05/12/uranium-week-shorts-surge-in-u308-stocks/

https://fnarena.com/index.php/2026/05/05/uranium-week-prices-rise-producers-struggle/

https://fnarena.com/index.php/2026/04/28/uranium-week-rising-interest-from-utilities/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	22/05/2026	0.0700	0.00%	$0.16	$0.05			
AEE	22/05/2026	0.1200	▼- 4.00%	$0.28	$0.11			
AGE	22/05/2026	0.0400	▲ 5.56%	$0.06	$0.02		$0.070	▲75.0%
AKN	22/05/2026	0.0200	▼-13.64%	$0.03	$0.01			
ASN	22/05/2026	0.0600	▼- 6.25%	$0.13	$0.04			
BKY	22/05/2026	0.3900	▲10.00%	$0.70	$0.37			
BMN	22/05/2026	3.7500	▼- 2.93%	$5.25	$2.23		$4.800	▲28.0%
BOE	22/05/2026	1.3100	▼- 0.79%	$4.75	$1.07	18.6	$1.571	▲20.0%
BSN	22/05/2026	0.0300	▼- 2.86%	$0.08	$0.01			
C29	22/05/2026	0.0300	▼- 3.23%	$0.04	$0.01			
CXO	22/05/2026	0.2800	▼- 7.81%	$0.39	$0.08		$0.300	▲7.1%
CXU	22/05/2026	0.0400	▼- 6.38%	$0.07	$0.01			
DEV	22/05/2026	0.1800	▼- 2.70%	$0.28	$0.07			
DYL	22/05/2026	1.6800	▼- 2.11%	$2.97	$1.24	-58.9	$2.215	▲31.8%
EL8	22/05/2026	0.2600	▲ 6.25%	$0.50	$0.24			
HAR	22/05/2026	0.1400	▼- 8.33%	$0.25	$0.05			
I88	22/05/2026	0.1600	▲ 6.67%	$0.76	$0.08			
KOB	22/05/2026	0.0400	▼-10.53%	$0.09	$0.03			
LAM	22/05/2026	0.7200	▼- 2.70%	$0.93	$0.56			
LOT	22/05/2026	0.7200	▲ 8.87%	$3.20	$0.60		$2.000	▲177.8%
MEU	22/05/2026	0.1000	▼- 4.76%	$0.19	$0.04			
NXG	22/05/2026	15.2400	▼- 4.24%	$20.47	$9.25	-116.2	$20.367	▲33.6%
ORP	22/05/2026	0.0700	0.00%	$0.08	$0.02			
PDN	22/05/2026	11.5000	▲ 6.65%	$15.10	$5.74	-221.5	$13.193	▲14.7%
PEN	22/05/2026	0.3700	▲ 1.33%	$1.08	$0.28			
SLX	22/05/2026	6.2400	▲ 8.96%	$10.85	$3.12			
TOE	22/05/2026	0.5200	▼- 6.42%	$0.63	$0.16			
WCN	22/05/2026	0.0200	▼- 5.88%	$0.03	$0.01			

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

WEEKLY REPORTS

The Short Report - 28 May 2026

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

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

Summary:

Week Ending May 21st, 2026 (most recent data available through ASIC).

10%+

LOT	Lotus Resources	18.34%
DMP	Domino's Pizza Enterprises	15.39%
TLX	Telix Pharmaceuticals	14.66%
BOE	Boss Energy	14.61%
GYG	Guzman y Gomez	13.55%
TWE	Treasury Wine Estates	13.52%
PNV	PolyNovo	11.77%
CAR	CAR Group	11.49%
FLT	Flight Centre Travel	11.38%
DRO	DroneShield	11.29%
ZIP	Zip Co	11.03%
PDN	Paladin Energy	10.70%
BAP	Bapcor	10.66%

In: PDN
Out: NAN

9.0-9.9%

NAN	Nanosonics	9.87%
HLS	Healius	9.84%
LYC	Lynas Rare Earths	9.74%
EDV	Endeavour Group	9.56%
GDG	Generation Development	9.37%
CUV	Clinuvel Pharmaceuticals	9.30%
4DX	4DMedical	9.10%
IPH	IPH Ltd	9.07%
BPT	Beach Energy	9.02%

In: NAN, 4DX, IPH, BPT
Out: PDN, NXT

8.0-8.9%

BRG	Breville Group	8.98%
IPX	IperionX	8.76%

MSB	Mesoblast	8.74%
NXT	NextDC	8.48%
CTD	Corporate Travel Management	8.48%
SLX	Silex Systems	8.28%
ELD	Elders	8.27%
ACL	Australian Clinical Labs	8.21%
PWH	PWR Holdings	8.21%
RIO	Rio Tinto	8.14%
ING	Inghams Group	8.13%
CU6	Clarity Pharmaceuticals	8.07%

In: NXT, ELD, ACL
Out: IPH, BPT, ILU, WTC

7.0-7.9%

TPW	Temple & Webster	7.90%
WTC	WiseTech Global	7.85%
ILU	Iluka Resources	7.84%
LIC	Lifestyle Communities	7.71%

In: WTC, ILU
Out: ACL, 4DX

6.0-6.9%

SDR	SiteMinder	6.96%
BMN	Bannerman Energy	6.85%
HMC	HMC Capital	6.67%
PLS	PLS Group	6.51%
CCP	Credit Corp	6.26%
LLC	Lendlease Group	6.23%
NEU	Neuren Pharmaceuticals	6.20%
DGT	DigiCo Infrastructure REIT	6.13%
WEB	Web Travel	6.07%
ARU	Arafura Rare Earths	6.06%
MYR	Myer	6.05%
RHC	Ramsay Health Care	6.04%

In: LLC, WEB, ARU, RHC
Out: CAT, ELD, MP1

5.0-5.9%

JIN	Jumbo Interactive	5.89%
MP1	Megaport	5.83%
GMD	Genesis Minerals	5.76%
MMS	McMillan Shakespeare	5.59%
DYL	Deep Yellow	5.57%
PNI	Pinnacle Investment Management	5.51%
AUB	AUB Group	5.40%
REA	REA Group	5.37%
VUL	Vulcan Energy Resources	5.28%

PXA	Pexa Group	5.28%
GEM	G8 Education	5.22%
FFM	FireFly Metals	5.12%
A2M	a2 Milk Co	5.02%

In: MP1, FFM
Out: SHL, RHC, ORA, WEB

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NAB	1.5	1.4
ANZ	0.9	0.9	NST	1.0	1.1
BHP	1.1	1.3	QBE	0.6	0.6
BXB	0.3	0.5	RIO	8.1	8.5
CBA	1.7	1.7	TCL	1.3	1.5
COL	1.0	1.1	TLS	0.7	0.8
CSL	0.6	0.7	WBC	1.7	1.7
FMG	2.3	2.5	WDS	2.7	2.8
GMG	2.3	2.3	WES	0.7	0.6
MQG	0.3	0.4	WOW	1.9	1.8

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.

WEEKLY REPORTS

In Brief: IPD, Superloop & Eagers Automotive

Three companies carving out growth against a challenging macroeconomic backdrop from infrastructure investment (data centres), EV demand and telecommunications.

- **IPD Group enjoying Electrification and Data Centre Investment Tailwinds**
- **Superloop positioned for growth ahead of Investor Day and NBN price changes**
- **Eagers Automotive backed by EV demand and Canada expansion**

By Danielle Ecuyer

This week's quote comes from CommBank's Belinda Allen:

"The pipeline of nominal capex plans was upgraded with growth of 11% now expected in FY26 and 5% in FY27 based on five year realisation ratios. Much of this was driven by upgrades to plant & equipment investment intentions in the non-mining sector.

"The data centre investment cycle is taking off here in Australia. However, this investment is highly import intensive, which will dampen the impact on GDP. The pass through to the local economy will be important to watch."

Post IPD Group's trading update; sweat the big stuff?

As identified by FNArena daily monitored broker Morgan Stanley this week, the outlook for the Australian economy has deteriorated.

Against this worsening growth backdrop, the broker continues to be more upbeat on policy-linked capex as an “economic buffer”.

Enter **IPD Group** ((IPG)), an Australian electrical infrastructure and automation company supplying products and services across power distribution, industrial automation, renewables, and energy management.

The company services customers across infrastructure, utilities, commercial, and industrial markets, and is leveraged to growing electrification and renewable energy investment trends.

As noted by Shaw and Partners, the company’s FY26 trading update indicated earnings growth (EBIT) of 19%, representing 10% growth ex the Platinum Cables acquisition.

Going into the update, the share price had rallied some 26%, so the update, which marked a slight miss on consensus, failed to meet the lofty expectations discounted into the stock, prompting a -12%-plus sell-off.

Management’s FY26 guidance for underlying earnings (EBITDA) was indicated between $54.5m-$55.3m compared to consensus of $55.1m and Shaw’s estimate prior to the announcement of $55.6m.

Underlying earnings (EBIT) were guided to $46.3m-$47.1m compared to consensus of $47.4m and the analyst’s prior forecast of $47.5m.

Shaw sees robust revenue growth for IPD’s core businesses in FY26, as well as a record result from CMI, which specialises in electrical products and solutions for hazardous area and industrial environments, particularly servicing mining, energy, infrastructure, and heavy industry customers.

The CMI business is anticipated to beat pre-IPD acquisition levels in terms of revenue.

Data centre-generated growth remains very strong, a consistent story across companies exposed to the segment, and should lift 25% y/y.

Over 2H26, gross profit margins are expected to remain stable on the first half, while Shaw observes the order book continues to transition to more complex and competitive orders.

Investment in the operating base of the business has underpinned a decline in operating expenses as a percentage of revenue.

Shaw believes IPD is well positioned to address macro-related challenges, including volatility in freight and logistics costs, as well as generate services growth.

Earnings forecasts were tweaked only slightly lower by less than -1%, and the target price was raised to $5.85 from $5.35.

Buy rating retained.

Don't underestimate Superloop's three year targets

Telecommunications challenger **Superloop** ((SLC)) is due to host an investor day on June 3, which will be the first since 2023.

The analyst at Canaccord Genuity is looking forward to a trading update, with guidance, as well as management's three-year aims, with specific commentary around Smart Communities.

Current FY26 earnings (EBITDA) guidance stands at $112m-$113m, with the analyst forecasting $119.3m.

The Consumer and Wholesale businesses are flagged to have performed well thus far this fiscal year based on the telco's market positioning and promotional activity. Marketing spend is identified as the possible "swing factor" against the upper end of guidance.

Existing promotions, which have another 35 days to run (as at May 27), are anticipated to continue to generate a high return on investment, carried forward from 1H26.

The telco is seen as well positioned to either beat FY26 expectations or go into FY27 stronger than anticipated. Observing the seasonal historic trend, 39k customer subs are expected to be added in 2H26 versus 49k in 1H26, and 32k wholesale subs in 2H26 versus 19k in 1H26.

Management is knowingly letting low-margin customers that chase discounts go elsewhere to other providers.

At the 2023 Investor Day, management set out three-year goals for revenue, opex, and earnings, with a general expectation around similarly shaped targets to be announced. The commentary could include aspirations for return on capital and free cash flow.

Notably, the 2023 targets appeared *"lofty"* at the time, but revenue in FY26 is expected to reach $650m, which is above the prior high target, Canaccord points out.

This time around, the view is the *"three-year ambitions, which could be lofty but should be taken seriously"*. Recent historical metrics would vindicate that opinion.

Regarding Smart Communities, the analyst views this as likely to be a major generator of growth, quality, and share price outperformance over the next few years.

The unit economics around this business are not considered to be well appreciated or understood by the market, hence the analyst flags management is likely to provide more colour and detail around the metrics, including capex and earnings potential.

Telstra Group ((TLS)) and Optus have had "muted" responses to the NBN Co wholesale price rises on July 1, which Canaccord expects will see most speeds experience an increase of around $2.30 per month from retail service providers.

The focus will be on whether Superloop and **Aussie Broadband** ((ABB)) target competitive pricing or margin expansion in the consumer businesses. Canaccord believes Superloop can achieve both due to the product pricing position against Telstra.

Buy rating, unchanged, with a $3.55 target.

Record orderbook plus CanadaOne as growth levers

Car retailer **Eagers Automotive** ((APE)) served up a softer than expected 1H26 update, though Moelis attributes this to timing.

Management guided to 1H2026 A&NZ underlying profit before tax to be "in line, or slightly ahead of 2025". Year-to-date turnover rose 5% in April, achieved off the back of orders exceeding deliveries by around 30%.

Positively, the order book reached record levels, which is attributed to robust EV demand and Toyota vehicles experiencing supply challenges versus demand, which affected 1H2026 year-to-date deliveries to April 30.

The order book is up 70% since December 2025, which is anticipated to underscore 2H2026 earnings as supply constraints ease, albeit higher interest costs could dull the metrics.

EPS forecasts are downgraded by -3% to -8% for FY26-FY28 earnings, which the analyst attributes to the delay in completion of the CanadaOne acquisition and a weaker Canadian dollar. Higher interest costs and the closure of underperforming operations also impacted estimates.

Moelis continues to view Eagers as a "well-run" business which, like many, is operating in a challenging market.

Two factors are expected to drive growth. Firstly CanadaOne, where there are considerable opportunities for market consolidation and higher profitability.

Secondly, the "surging" demand for EVs, also evident in European markets. BYD is anticipated to continue to grow market share in Australia.

Combined, Moelis believes both factors can help achieve double-digit earnings growth over the medium term.

The share price has declined some -18% since the 2025 result and is now trading at around 18x FY27 earnings, which is viewed as attractive.

Moelis upgrades the stock to Buy from Hold with a new target of $26.35, down from $28.37.

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