WEEK 25

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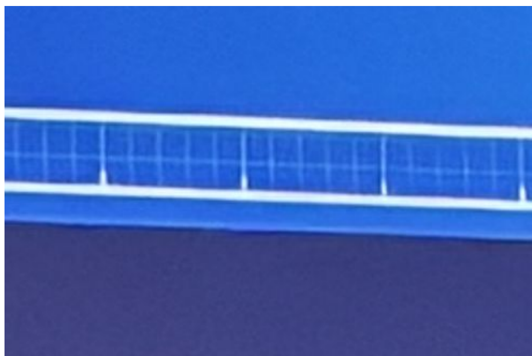

The AI Capital Cycle Is Splitting The Market

Rudi's View: What (Not) To Buy Ahead Of June 30

Aussie Broadband's Scale-Up Potential

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AUSTRALIA

The Market In Numbers - 13 Jun 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	13 Jun 2026	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
NZ50	13393.870	1.76%	1.13%	3.73%	-1.14%	6.28%
All Ordinaries	9006.10	1.70%	0.46%	3.71%	-0.18%	2.66%
S&P ASX 200	8804.00	2.07%	0.83%	3.80%	1.03%	3.06%
S&P ASX 300	8738.00	2.00%	0.73%	3.88%	0.64%	3.11%
Communication Services	1665.00	2.51%	0.87%	-1.61%	-4.35%	-10.15%
Consumer Discretionary	3809.10	8.05%	6.94%	13.17%	-4.61%	-8.06%
Consumer Staples	12921.40	7.62%	9.43%	3.02%	11.22%	6.62%
Energy	10566.50	-0.07%	1.47%	-7.04%	26.31%	21.80%
Financials	9089.00	1.05%	-1.07%	-2.16%	-2.65%	-4.62%
Health Care	24001.80	3.33%	4.38%	-13.43%	-28.97%	-42.31%
Industrials	8460.20	3.23%	3.70%	7.49%	0.41%	1.70%
Info Technology	1821.90	-4.58%	2.75%	17.03%	-15.42%	-37.19%
Materials	24679.20	0.79%	-1.58%	13.37%	16.84%	55.62%
Real Estate	3709.80	4.95%	2.34%	13.38%	-6.46%	-4.84%
Utilities	10031.80	2.86%	4.03%	-4.25%	3.87%	9.74%
A-REITs	1725.00	4.88%	2.33%	14.41%	-5.52%	-3.68%
All Technology Index	2942.20	-2.62%	3.61%	15.59%	-13.38%	-27.25%
Banks	3807.30	-0.25%	-2.92%	-7.47%	-6.42%	-5.35%
Gold Index	15358.30	-3.80%	-5.72%	-7.80%	-17.75%	32.89%
Metals & Mining	8526.30	0.55%	-1.99%	13.13%	17.33%	63.31%

The World

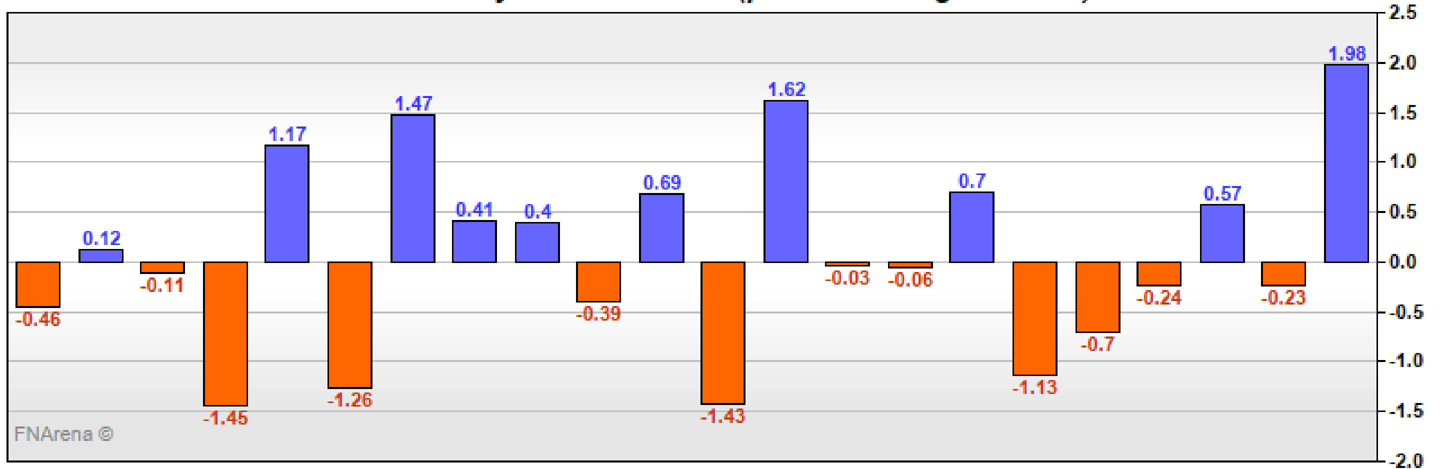
Index	13 Jun 2026	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
FTSE100	10471.72	1.00%	0.60%	2.90%	5.34%	19.53%
DAX30	24635.30	-0.50%	-1.87%	8.62%	0.59%	3.04%
Hang Seng	24718.10	-0.98%	-1.84%	-0.28%	-4.40%	2.68%
Nikkei 225	66020.04	-0.85%	-0.47%	29.29%	31.15%	63.06%
NZ50	13393.870	1.76%	1.13%	3.73%	-1.14%	6.28%
DJIA	51202.26	0.66%	0.33%	10.49%	5.86%	16.12%
S&P500	7431.46	0.65%	-1.96%	13.83%	7.76%	19.77%
Nasdaq Comp	25888.84	0.70%	-4.02%	19.91%	10.55%	27.09%

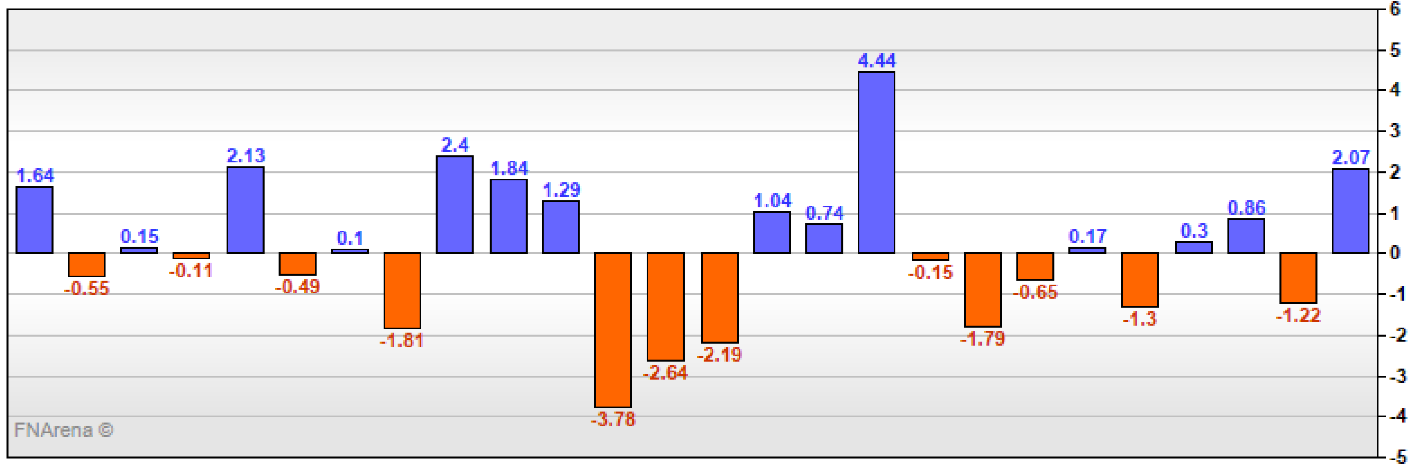
Metals & Minerals

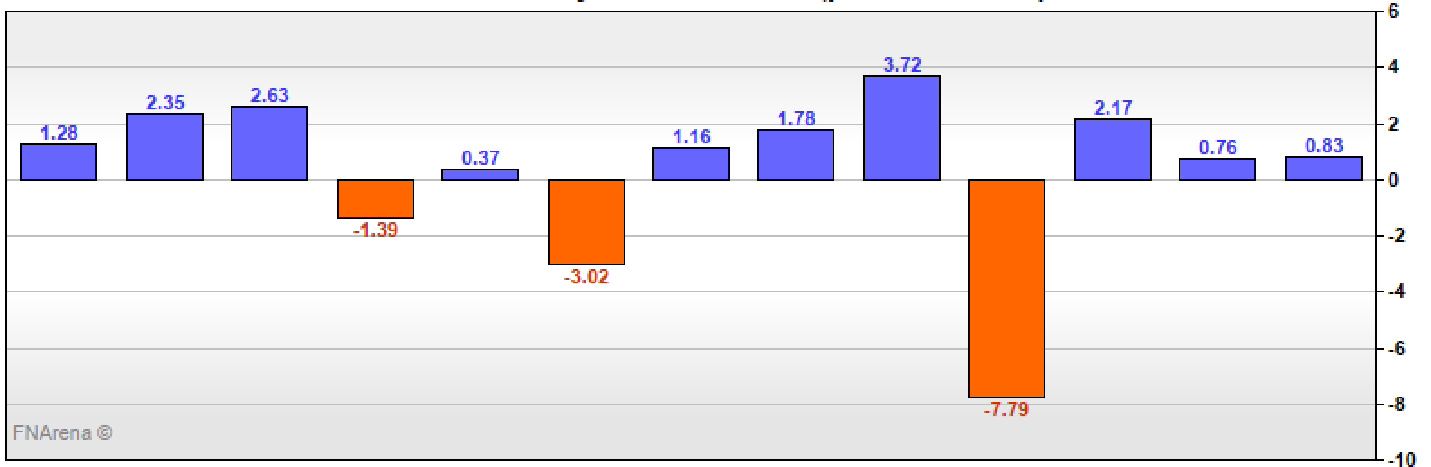
Index	13 Jun 2026	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
Gold (oz)	4233.65	-5.97%	-6.48%	-6.71%	-3.48%	28.20%
Silver (oz)	67.48	-8.97%	-11.12%	-3.75%	-13.40%	86.39%
Copper (lb)	6.3928	-2.09%	-0.49%	16.55%	12.51%	25.46%
Aluminium (lb)	1.5964	-4.07%	-4.22%	2.54%	19.36%	35.38%
Nickel (lb)	7.9129	-5.09%	-6.91%	2.56%	5.68%	16.04%
Zinc (lb)	1.5855	-2.59%	-1.88%	9.18%	13.77%	25.58%
Uranium (lb) weekly	86.00	1.18%	1.78%	3.30%	4.88%	9.35%
Iron Ore (t)	101.60	-0.35%	-6.82%	-4.44%	-5.16%	7.52%

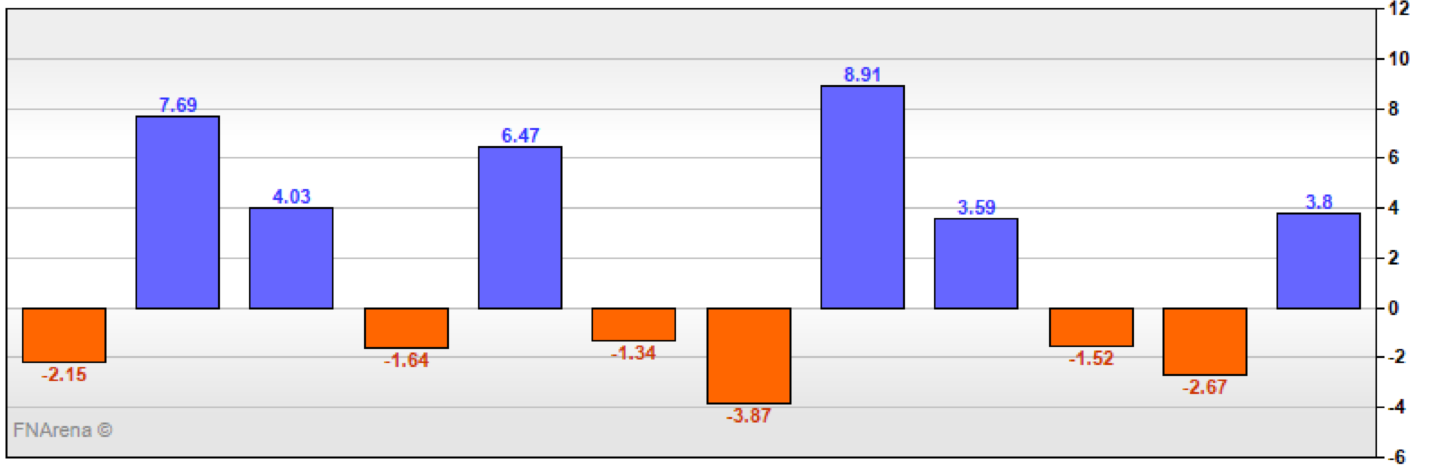
Energy

Index	13 Jun 2026	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2026)	Financial Year To Date (FY26)
West Texas Crude	86.49	-6.99%	-2.30%	-17.61%	50.63%	32.01%
Brent Crude	89.11	-6.41%	-3.52%	-18.01%	46.44%	33.40%









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

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Strong Capex Cycle Underpins SGH Ltd's Future

SGH has a proven track record of driving growth through both operational improvement and M&A, supported by exposure to long-duration infrastructure, resources and demographic trends.

- **Australia's structural capex super-cycle offers positive tailwinds**
- **Crux LNG project's earnings outlook not yet reflected in consensus forecasts**
- **Management targets 10% through-cycle earnings growth using AI**
- **Analysts agree current share price is undervaluing the group's potential**

By Danielle Ecuyer

WesTrac's mining tailwinds combine with a super cycle in capex

SGH's conglomerate style lends itself to major growth cycles

"The problem with hindsight is, it always arrives late".

If the world were changing, would you change the way you invest?

The macro strategists at Morgan Stanley would answer in the affirmative.

Assessing the Budget, Morgan Stanley commented it is ***"the most significant fiscal event in 20 years"***. Combine that with inflationary impacts from the Middle East war, and the outlook for both Australian equities and the economy has shifted.

Morgan Stanley used its initiation of coverage on **SGH** Ltd ((SGH)) in March to highlight this company is positioned as a major beneficiary of Australia's *"unfolding capex cycle"*.

If anything, the Budget and the pre-to-post war outlook, including the RBA's rate hiking cycle, have only strengthened the case for exposure to the robust fiscal impulse around AI, data centre spending, infrastructure, and the resources sector.

For Morgan Stanley, consumption is out and exposure to capex spending is the key strategic thematic.

RBC Capital has joined the chorus on what is viewed as an Australian industrial conglomerate with exposure to infrastructure, building, resources, energy, and media.

For those old enough to recall, SGH might be considered a 'Back to the Future' flashback to when conglomerate corporate structures were the preferred model, offering diversity across asset classes.

The group's interests span WesTrac (100%), the sole authorised Caterpillar dealer in WA, NSW and the ACT, with around a 60% market share in large mining equipment.

Coates (100%), the largest provider of equipment solutions in Australia, is generating high margins with national exposure.

Boral (100%), Australia's largest construction materials supplier, operates with a leading position across concrete and asphalt.

The portfolio further includes Beach Energy ((BPT)) (30% stake) and Crux, as well as media interests such as a circa 20% equity holding in Southern Cross Media ((SXL)).

Crux potential not yet reflected

One reason for RBC Capital to recently initiating coverage with an Outperform rating is an apparent underappreciated earnings catalyst in Crux.

The Crux LNG backfill project, in which SGH holds a 15.5% stake alongside Shell, is considered a major future earnings driver that is not yet reflected in market forecasts.

RBC expects production to begin in the second half of calendar 2028 and reach full output by FY30, although the latter could occur sooner.

At peak production, Crux is forecast to contribute around $350m-$370m in annual earnings (EBITDA). Current consensus forecasts do not appear to include this contribution.

SGH is expected to invest a further -$285m in its share of the project between 2H26 and 1H28, which will weigh on free cash flow in the near term. However, once production starts and development spending falls away, Crux is expected to become a substantial source of cash generation and earnings growth for the group.

RBC believes upcoming developments at Crux could act as a positive catalyst for SGH shares, given the market may be underestimating the project's long-term value and earnings contribution.

Bell Potter also pointed out growing supply challenges in local gas and LNG markets over the medium term, which are expected to benefit both Beach Energy ((BPT)) and Crux.

A keen strategic eye on growth

Management has emphasised the group aims to generate earnings (EBIT) growth of 10%, through the cycle, via both organic and inorganic growth.

The ambition is to grow the market value of SGH to $30bn over time. Currently, the market capitalisation stands at $17bn.

Based upon the 10% three-year rolling average earnings (EBIT) and EPS growth targets, the targeted value could be achieved in around six years, assuming that growth is sustained.

SGH is an ideal candidate for analysis from a top-down (macro) approach, as explained by the analyst at Morgan Stanley.

This broker believes Australia is in the beginning phase of a “structural capex super-cycle” underpinned by six “long-duration” themes. Notably housing, defence, energy transition, mining, data centres, and the Brisbane Olympics.

An acceleration in the cycle is flagged into the late 2020s, underpinned by ongoing government policy across infrastructure, energy, and defence.

SGH’s earnings drivers, WesTrac, Coates and Boral, are highly exposed to Morgan Stanley’s six structural capex themes. The value across these segments is forecast to grow at a 7.7% compound annual growth rate out to $326bn by FY30, from $225bn.

The conglomerate’s positive structural exposure to growth segments of the Australian economy is reinforced by its competitive position in the relevant markets.

Investor Day reconfirmed FY26 guidance

At the company’s recent Investor Day, management reiterated FY26 earnings (EBIT) guidance growth of between low single digit and mid-single digit growth.

Strategically, one of management’s core “tenets” is to strive for ongoing improvements across all businesses.

Squeezing out incremental gains is key to delivering performance. As noted by Macquarie, this equates to earnings (EBIT) margins above 15% for Boral, Coates achieving gains in time utilisation from the existing 62%, and WesTrac securing better aftermarket service productivity.

AI was highlighted as a facilitator and pathway to improved efficiencies. On Bell Potter's assessment, management delivered a “comprehensive” Investor Day presentation, including a target of $100m in quantifiable benefits generated by using AI technology across FY26-FY27.

RBC's forecast is for Boral to expand earnings (EBIT) margins to 15.4% in FY28 from 13% in FY25.

Management also reiterated the five-year $1.7trn infrastructure and construction pipeline.

Like Morgan Stanley and Macquarie, Bell Potter points to a “sustained up-cycle” across investment in these segments through to FY30.

All are positive tailwinds for Boral, WesTrac, and Coates.

RBC concurs with Morgan Stanley’s view that concerns around an East Coast infrastructure slowdown are overdone.

Applying State Government Budgets, in the five years to 2025, $276bn was invested in infrastructure across VIC, NSW and QLD, with $307bn budgeted between FY26 and FY29.

While acknowledging Victoria remains weak, RBC believes the infrastructure sector is merely experiencing an “air pocket”. Morgan Stanley does see some near-term risks to renovation demand, to which Boral has exposure.

Iron ore and gold production are forecast by Bell Potter to rise by 3% to 12% p.a. over FY26-FY27, which should support investment in mining fleet expansions, renewals and aftermarket services for WesTrac.

CEO Ryan Stokes’ commentary at the Investor Day referred to a “willingness” to look at overseas opportunities, RBC observes.

Opportunities have historically been focused on industrial and energy assets with “privileged” and difficult-to-replicate assets, as well as sizeable scale of around $200m in earnings (EBIT).

History suggests a winning strategy

Management has achieved a proven track record of successful M&A activity. The Coates and Boral acquisitions were purchased at attractive valuations and have achieved strong returns, as detailed by Morgan Stanley.

Potential involvement in BlueScope Steel's ((BSL)) non-North American assets, an issue that has weighed on

sentiment towards SGH, is viewed by some analysts as another example of management's willingness to pursue value-accretive acquisitions.

Management's interest in BlueScope's non-North American assets could represent a further value-generation opportunity for SGH. The Morgan Stanley analyst estimates around 20% EPS accretion alongside potential synergy optimisation.

Other points of interest identified by RBC regarding the more recently acquired Boral include the strategy around securing prized assets.

Boral has 72 quarries around Australia, with no new quarry established in metropolitan Melbourne for more than 40 years. Its integrated cement plant is a circa $1bn asset. Boral's surplus assets were valued by Grant Thornton at between $1.4bn and $1.6bn.

Equally, concrete demand has grown around 2.2% p.a. since 1977 across Australia, which pushes back against the cyclical perception of the industry.

As noted by the analyst, the cyclical component is more geographic than absolute.

An undemanding valuation

Bell Potter views SGH's valuation as "undemanding" and believes any further M&A activity could be positively received by the market.

After the Investor Day, and adjusting for marginally lower WesTrac, Boral and Coates revenue forecasts as well as lower earnings (EBIT) margins for Boral and Coates, the Bell Potter analyst trimmed its target price to $50 from $56 to incorporate a higher cost of capital.

Macquarie continues to see robust execution from management, including an ongoing eye for M&A opportunities alongside a supportive balance sheet.

The target price is tweaked lower to $50.35 from $50.40, while the stock valuation is trading in line with its historical 10-year average but also at a -13% discount to the ASX200 Industrials.

Despite exposure to Australia's major structural investment themes, a potential earnings step-up from Crux and management targeting 10% through-cycle growth, brokers increasingly argue SGH's valuation does not fully reflect the quality of its assets or long-term earnings potential.

Morgan Stanley recently initiated coverage with an Overweight rating and a $50 target price, while RBC Capital commenced with an Outperform rating and a $47 target.

FNArena's consensus forecasts currently suggest EPS should grow by 81% in the current financial year, followed by 8.8% growth in FY27.

The consensus price target of $50.12 is 20.7% above Friday's closing share price of $41.51.

The estimated dividend yield is currently circa 1.6%.

See Stock Analysis on the website for more details.

Note: The author owns shares in SGH.

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COMMODITIES

Material Matters: Gold, Copper, Mining Picks

Short and longer term views on the gold price; copper's outlook if the Strait is reopened, Macquarie's methodology update and top mining stock picks.

- **Various factors have weighed on gold, but value still evident**
- **Copper to benefit if Strait is actually re-opened**
- **Macquarie moves to a different commodity pricing methodology**
- **Updated stock preferences**

By Greg Peel

A re-opening of the Strait of Hormuz should benefit copper producers

The US and Iran have reached a "deal", we're told, based on a memorandum of understanding to be signed on Friday, which extends the to-date tenuous ceasefire by 60 days as negotiations refine the details into, presumably, an actual deal rather than just an MOU.

Thereafter, nuclear talks will begin.

For the world, the critical element is that the Strait of Hormuz will be opened, after the "deal" is signed this week.

It was open before the war.

The details of the MOU are yet to be released. They will "soon", says Trump. Why the delay?

Financial markets have reacted positively, with oil prices down and stock indices up, but already the initial excitement appears to be fading.

To believe that the weekend's "deal" signals a definitive end to conflict in the Middle East would be folly.

The following commodity analyst opinions were offered before the deal announcement (with one exception).

Bullion

The gold price is now down more than -20% since the conflict started in late February, but given the price surge beforehand, bullion only down -3% year to date.

While gold normally benefits from elevated geopolitical risk, it has come under pressure during this crisis, ANZ Bank analysts note.

This raises a question around why it is drawing so little support from heightened uncertainty. In ANZ's view, the cause is the influence of other asset classes.

The US ten-year Treasury yield is hovering around 4.5%, increasing the opportunity cost of non-yielding gold, particularly with prices still around 27% above year-ago levels.

At the same time, equities continue to benefit from AI-driven optimism, drawing funds away from haven assets, while a stronger US dollar is raising the cost of gold for non-USD investors.

Rising concerns around inflation are weighing on gold, ANZ notes, as the growth outlook has not weakened enough to trigger haven demand. The current inflation-growth mix gives the US Federal Reserve little reason to shift toward a more supportive policy stance, especially when inflation risks remain elevated due to the Middle East conflict.

Despite what the US President insists, inflation will not come crashing down in a hurry even if the war is over.

Recent US data point to a resilient economy, with firmer labour market conditions and the manufacturing Purchasing Managers Index (PMI) still in expansionary territory.

At the same time, the supply-driven rally in energy prices and rising AI-related investment are adding to inflation concerns, pushing the latest US inflation print to 4.2% and leaving markets pricing in over 25 basis points of Fed rate hikes by year end.

However, weak US consumer sentiment, affordability constraints, falling real wages and a near-record low personal savings rate suggest businesses have limited scope to pass higher input costs on to consumers. ANZ therefore thinks underlying inflation is contained and that the Fed will eventually turn more dovish.

ANZ's base case is for a rate cut in December, then one more each in March and June 2027. This should reverse part of the recent rise in yields. If the Middle East conflict eases and energy prices fall, investors may return to gold.

Increasing AI-driven optimism in equity markets and an emerging wave of IPOs (including SpaceX, Anthropic, OpenAI) are likely to keep risk-on sentiment intact in the short term. This may divert some flows away from defensive assets such as gold, ANZ suggests, but it also raises the risk of a sharper rotation back into gold if equity volatility rises.

Many private companies are preparing for listing in 2026 and ANZ compares this with previous booms in IPOs in 2021 and 1999. The stock market peaked after those two strong IPO cycles, with the S&P falling nearly -25% in 2022.

This year, the rally in IPOs will be led by large-scale listings and AI-related stocks that are estimated to rise to US$250bn. AI optimism is increasing concentration risks. This leaves the market exposed to any shift in AI sentiment.

While the current backdrop is different from previous IPO cycles, volatility could emerge as capital is redistributed, ANZ warns. This will likely encourage investors to diversify risk back into gold.

While gold-backed financial investment (ETFs, futures) has seen outflows, physical investment in gold is gaining support from rising institutional interest in neutral reserve assets. ANZ notes growing gold purchases by corporations point to a shift in reserve management, with gold increasingly used as a strategic hedge alongside US Treasury holdings.

The scale of at least one corporation's purchases last year exceeded that of any central bank, reinforcing the view that gold is becoming a balance-sheet anchor rather than a tactical allocation.

Central banks turned net buyers in April, with China accelerating purchases to 8t, the highest since December 2024, extending its buying run to 18 consecutive months. Lower gold prices will likely encourage the PBoC to increase its stockpiling, ANZ predicts.

New buyers are also building gold reserves to diversify portfolios. ANZ expects official buying to remain in the 900–950t range in 2026.

ANZ's conclusion is that structural support from geopolitical uncertainty, rising debt, and prospects for Fed rate cuts later this year should continue to underpin the investment case for gold.

T. Rowe Price believes the near-term backdrop for gold is less supportive than it was earlier in the rally. While the long-term case remains compelling, the balance of risks has become more evenly matched, T. Rowe believes, supporting a more neutral tactical stance.

T. Rowe points to similar factors as ANZ –-AI investment, higher US bond yields-– as weighing on gold.

T. Rowe also notes capital has flowed toward AI beneficiaries and industrial commodities linked to those themes, such as copper, where demand is being supported by tangible investment in power, grid, and data centre infrastructure.

T. Rowe agrees conventional thinking suggests rising geopolitical tensions should support gold. However, tensions in the Middle East have also pushed oil prices higher.

Higher energy prices have reinforced inflation concerns, supported the US dollar, and contributed to expectations that interest rates could remain higher for longer. These factors tend to be headwinds for gold.

T. Rowe further agrees central banks have been an important source of gold demand, but points out during periods of heightened geopolitical uncertainty, gold may also be sold or mobilised when countries face funding, currency, or balance-of-payments pressures.

This suggests central bank demand may be less consistently supportive than it has been in recent years, at least until conflicts in the Middle East ease.

T. Rowe continues to believe gold deserves a place in diversified portfolios, but its role is different from that of bonds or cash. Cash and high-quality bonds now offer something largely absent for much of the post-financial-crisis period: positive real yields.

That makes them increasingly attractive defensive assets in their own right.

Gold's value lies elsewhere. T. Rowe believes it provides diversification against inflation surprises, fiscal deterioration, reserve currency uncertainty, and broader confidence shocks.

These risks remain relevant, which is why the analysts continue to favour maintaining a strategic allocation, even as they adopt a more neutral tactical stance in the near term.

Copper

The US-Iran ceasefire and reopening of the Strait has proven constructive for copper prices, RBC Capital notes, now back above US$6.20/lb, with equities rallying and WTI crude retreating to around US$80/bbl.

For producers, two implications stand out.

First, while June quarter cost inflation appears unavoidable, producers may escape a circa 10% full-year cash cost increase, contingent on the durability of an uneasy peace.

Second, normalising sulphuric acid availability offers another cost tailwind. Acid is essential for copper oxide processing (15% of global supply), prices have surged fivefold over the past year, and the Strait's reopening should catalyse a sharp correction.

RBC suggests Capstone Copper ((CSC)) is the clearest beneficiary given its oxide-heavy production profile.

While May Chinese copper imports softened (down -7% year on year), declining Shanghai inventories suggest underlying consumption remains resilient.

The key takeaway for RBC is that geopolitical relief is providing a simultaneous tailwind to both copper prices and producer costs, although it could alleviate concerns around supply disruptions due to sulphur shortages.

Macquarie Updates Pricing Methodology

After a volatile period for commodities, Macquarie moves to a market-based price forecast based on 18-month forward curves across 2026-28 before reverting to an unchanged long-term outlook from 2029.

Resultant price forecast changes across 2026-28 are as follows:

- Iron ore up 0/3/1% and metallurgical coal up 10/24/7%.
- Copper up 9/33/14% and aluminium up 2/5/5%
- Gold down -4% in 2026 and up 6/4% in 2027-28
- Silver down -6% in 2026, up 4% in 2027, and down -2% in 2028
- Lithium up 22/60/41%
- Thermal coal down -6/-1% in 2026-27 and up 3% in 2028

For bulk and diversified miners, Macquarie sees earnings upgrades across its coverage, owing to stronger coal and base metal prices.

Macquarie downgrades Rio Tinto ((RIO)) and South32 ((S32)) to Neutral, continuing to prefer Rio to BHP Group ((BHP)), also Neutral.

The broker sees value in Fortescue ((FMG)), retaining Outperform, while singling out Mineral Resources ((MIN)), Whitehaven Coal ((WHC)) and Champion Iron ((CIA)) as key mid-cap picks (all on Outperform).

Macquarie notes sectoral rotations and the upstream AI thematic may still favour the large stocks (BHP/Rio).

In copper, Macquarie has Outperform ratings on both Sandfire Resources ((SFR)) and Capstone Copper, but prefers Sandfire to Capstone given its strong catalyst backdrop and pull-back in valuation.

Lithium prices have corrected some -15% from the early May peak but Macquarie remains constructive on underlying market fundamentals.

The broker's lithium prices increases see material increases to near-term earnings forecasts and target prices. Macquarie upgrades Liontown Resources ((LTR)) and Elevra Lithium ((ELV)) to Outperform with IGO Ltd ((IGO)) remaining the preferred exposure (also Outperform).

For gold miners, Newmont Corp ((NEM)) remains the broker's major gold preference due to its unhedged gold production profile and diversified asset mix.

Genesis Minerals ((GMD)) is one of Macquarie's top mid-cap picks with a strong catalyst backdrop following the Magnetic Resources acquisition.

Capricorn Metals ((CMM)) is the broker's other pick, given strong Mt Gibson permitting/development catalysts.

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COMMODITIES

Lithium Enthusiasts Discover Wildcat Resources

As lithium markets tighten and supply risks mount, Wildcat Resources' Tabba Tabba project is seen as one of few large-scale Australian developments capable of entering production during the current cycle.

- **Wildcat Resources' compelling lithium play**
- **Tabba Tabba project advances to development**
- **Funding strength supports development plan**
- **Bolt Cutter discovery adds growth potential**

By Mark Woodruff

The market is underestimating the risk of a looming lithium supply crunch, according to Bell Potter.

While Australia supplies almost 40% of the world's lithium from a mature and relatively low-risk hard-rock mining sector, the broker believes replicating that growth elsewhere will be far more difficult.

Against this backdrop, Shaw and Partners recently predicted lithium demand will remain robust as electric vehicle adoption accelerates and battery energy storage installations expand globally.

These trends are expected to keep the market tightly balanced, with global lithium inventories projected to move into deficit by the end of 2026.

As lithium markets await the next wave of supply, Australian developer Wildcat Resources ((WC8)) controls what may be Australia's most compelling near-term development opportunity.

The company's flagship Tabba Tabba project, located just 80km from Port Hedland, is one of the only near-term hard-rock lithium development positioned to enter production during the current cycle.

Despite this strategic advantage, first-time research by Bell Potter this week concluded the trade on

undemanding EV/resource multiples relative to Western Australian spodumene producers.

Wildcat shares are expected to re-rate as Tabba Tabba advances through key feasibility and permitting milestones towards development.

Macquarie also initiates coverage this week, identifying Wildcat as a standout lithium developer thanks to its substantial resource base and attractive mining geometry.

According to this broker, Tabba Tabba screens strongly against undeveloped lithium projects on a vertical tonne density basis, underpinned by thick, laterally extensive pegmatites conducive to bulk mining.

The project sits within the highly prospective Mallina Basin in Western Australia's Pilbara region, an established mining district that hosts several of Australia's largest lithium and gold operations.

PLS Group's ((PLS)) Pilgangoora lithium project is only 47km by road from the Mallina Basin, while Mineral Resources' ((MIN)) Wodgina joint venture, one of the world's premier hard-rock lithium assets, is around 87km away.

Tabba Tabba was historically one of four strategic Lithium-Caesium-Tantalum (LCT) pegmatite assets held by Sons of Gwalia, alongside Pilgangoora, Wodgina and Greenbushes. Greenbushes is indirectly 49%-owned by IGO Ltd ((IGO)) through its interest in the Tianqi Lithium Energy Australia joint venture.

Wildcat also recently discovered the Bolt Cutter prospect, located only around 10km west of Tabba Tabba. Management considers this close enough to be integrated into the broader Tabba Tabba development through a hub-and-spoke operating model.

Following the company’s March quarter operational results, Shaw and Partners noted ongoing drilling continues to validate a large, stacked LCT pegmatite system, reinforcing the Bolt Cutter’s scale and growth potential.

Management is targeting a maiden resource at Bolt Cutter, which Bell Potter notes, has the potential to materially expand the project's ore inventory and support a larger, longer-life mining operation.

Tabba Tabba's road to first production

A pre-feasibility study (PFS) released in July 2025 outlined a two-stage development pathway for Tabba Tabba, targeting annual production of 565,000t of 5.5% spodumene concentrate.

The study estimated upfront capital expenditure of -$687m, average all-in sustaining costs of -$999/t and an after-tax net present value (NPV) of $1.2bn.

The development timetable targets completion of the definitive feasibility study (DFS) in the September quarter, commencement of construction in 2027 and first production in late 2028.

Canaccord Genuity notes the Bolt Cutter prospect will not be incorporated into the upcoming DFS, yet it represents a potentially significant source of future growth.

This broker believes the deposit has the potential to host more than 25Mt at around 1% Li_2O, providing scope to extend mine life, enhance operational flexibility and supplement feedstock for the proposed development.

While inflation remains a risk to both capex and opex assumptions in the DFS, the analysts believe the benefits of project optimisation and scope refinement should more than compensate for any cost increases.

Several potential sources of upside are highlighted, including the recovery of petalite and tantalum by-products, reduced haulage costs following recent tenement acquisitions that improve plant location options, and accelerated expansion and underground development.

Based on progress achieved to date, the existing Mining Licence and limited flora and fauna constraints across the project area, Canaccord sees minimal risk to securing the remaining approvals required for development.

Tabba Tabba's mineral resource

Tabba Tabba hosts a substantial lithium inventory, with a November 2024 mineral resource estimate (MRE) of 74Mt at 1.00% Li_2O, containing 740kt of lithium oxide, of which 94% is classified as indicated.

This underpins a July 2025 ore reserve of 46Mt at 0.99% Li_2O, containing 456kt of lithium oxide, all covered by granted Mining Leases.

Further resource growth is expected in the second half of 2026, when Wildcat plans to release updated Mineral Resource and Ore Reserve estimates.

The company is also targeting a maiden resource at the recently discovered Bolt Cutter prospect, which has the potential to materially expand the project's mine inventory and development footprint.

Funded to FID

Bell Potter notes, as at March 31, 2026, Wildcat held $43m in cash, providing funding flexibility as it advances Tabba Tabba towards a FID.

The company enters future financing discussions from a position of strength, the broker suggests, with 100% of future spodumene production still uncommitted and supported by a favourable backdrop of robust lithium demand and pricing.

Funding options are anticipated to span a broad range of sources, including concessional government-backed facilities such as the Northern Australia Infrastructure Fund, traditional debt providers and strategic investors at either the corporate or project level.

Alternatives include offtake-linked prepayment arrangements and, potentially, equity capital markets.

The broker's base case for Tabba Tabba assumes an 80:20 debt-to-equity funding mix, including a $225m equity raising within the next 12 months at a -10% discount to the current share price, before costs.

Macquarie similarly expects project financing to comprise a blend of debt, equity and offtake-linked prepayments, reflecting the range of funding options available as the project advances towards development.

The outlook

With Bell Potter initiating coverage on Wildcat Resources with a Speculative Buy rating and $1.00 target price and Macquarie beginning with a Buy-equivalent rating and 90c target, the company now enjoys active coverage from three daily monitored brokers in the FNArena database.

Ord Minnett, which has not refreshed its research on Wildcat since January, carries a Buy rating and a target of 65c.

All this extra attention is starting to be reflected in positive momentum for the shares. Having started this week trading around 50c on the day of publishing this story (Wednesday) the shares are trading around 55.5c.

Outside daily coverage, Canaccord Genuity has a Speculative Buy rating with a $1.30 target, while Buy-rated Shaw and Partners has a target of $1.20.

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

INTERNATIONAL

The AI Capital Cycle Is Splitting The Market

Markets are using a hammer where a scalpel is most appropriate, MFS' Robert Almeida argues, offering active investors with opportunity among AI losers and beneficiaries

- The AI buildout is pulling capital away from financial engineering and toward the physical economy needed to power compute.
- Hardware companies have outperformed as demand outstrips supply, but history shows that capital-intensive cycles eventually attract new supply.
- The market is punishing many data and workflow businesses too broadly, creating openings for active investors who can distinguish disruption risk from durable value.

By Robert M. Almeida, Portfolio Manager and Global Investment Strategist, MFS Investment Management

TechnologyOne seems to have convinced investors AI won't disrupt its business and instead add to its moat

Of the many factors behind Allied victory in World War II, one was found in the steel plants of Pittsburgh, the machine shops of Worcester and the foundries of Cleveland.

Germany built highly advanced weapons, but America's edge was the ability to make, ship, fix and replace equipment at overwhelming scale. Superior technology can win battles. However, superior productive capacity helps win wars.

For decades after the war, the US had both — and prosperity rose.

Starting in the 1990s, globalization changed the model. Capital shifted toward intellectual property, buybacks, dividends, M&A and outsourced production rather than toward physical assets. Even the big capital cycles that followed —telecom in the 1990s, housing in the 2000s— did little to rebuild industrial capacity.

This matters now because AI may live in the cloud, but the cloud lives on the ground. Every model, query and data center depends on electricity, semiconductors, memory, copper, steel, concrete, cooling, skilled labor,

permitting, logistics and capital.

After decades of underinvestment and offshoring that helped push profit margins higher, the US has less spare capacity than in prior eras. You can see it in earnings, where some hardware companies are taking meaningful price, and in rates markets, where inflation remains sticky.

The result is a capital-cycle shift — away from financial engineering and toward the physical economy needed to deliver compute. That shift is already showing up in market and portfolio performance in two ways.

First, Scarcity Is Outperforming

The market's initial response has been straightforward: reward companies closest to the physical bottlenecks.

Hardware, compute, memory, power equipment and other capital-intensive beneficiaries have outperformed because demand exceeds supply. In many areas, that gap has allowed meaningful price increases and stronger profits.

Customers need scarce inputs and have few near-term substitutes, giving suppliers real pricing power.

But this is still a hardware capital cycle. High prices attract capital. Capital builds supply. Supply changes pricing power, returns and valuations. While today's winners may keep growing, investors should be careful about assuming scarcity lasts forever.

In capital-intensive industries —and history is clear on this— exceptional profitability typically plants the seeds of margin normalization.

Second, the Market Is Using a Blunt Instrument on Potential Disruptees

Companies tied to software, data, information services and mission-critical workflows have been punished — in some cases even when they've met earnings expectations and shown little sign of revenue decline.

The market has treated AI disruption as if the verdict were simple: software bad, compute good, disruption everywhere. We think that's too blunt.

AI will likely commoditize some generic software and workflows that are repetitive, low-trust or easy to copy. But not all software, data or workflow businesses face the same risk. Those whose value comes mainly from process friction or basic information retrieval may be vulnerable.

Those that manage proprietary data, embedded workflows, regulated systems, audit trails, compliance processes or mission-critical records may be different. In those cases, value isn't just software code — it's the trust, governance, domain knowledge, history and accountability built into the workflow.

AI can break down weak moats, but it can also reinforce strong ones.

Why Trusted Answers May Become More Valuable

This is where Jevons' Paradox comes in. When technology cuts the cost of something, usage often rises. Cheaper compute didn't produce less computing. Cheaper storage didn't produce less data.

Lower-cost AI-generated analysis may drive more demand for answers, scenarios, workflows and decision support. But as generic answers get cheaper, trusted answers may become worth more.

In an AI-enabled world, the bottleneck may not be producing an answer. The bottleneck may be knowing whether the answer is accurate, compliant, auditable and fit for purpose. That should matter for companies with proprietary datasets, systems of record, embedded customer relationships and domain-specific workflows that a large language model can't easily recreate.

It's especially relevant for business services, database companies and other information-rich firms whose value rests on trusted data and workflow integration. Some are being priced as if AI will erode their economics.

In some cases, that may be right. In others, AI may deepen customer dependence and make their data more strategically important.

Conclusion

Passive owns both sides of this transition. It holds beneficiaries of the AI capital cycle, but also companies whose margins, moats or valuations may prove vulnerable.

It doesn't distinguish between firms that can fund, absorb and earn attractive returns on this new capital cycle and those that can't. It doesn't distinguish between software that's easily replicated and mission-critical workflow businesses whose data, auditability and trust grow more valuable as AI adoption rises.

The AI capital cycle is already splitting the market. Hardware scarcity is real, but capital cycles are finite. AI disruption is real, but it isn't universal.

The task is to separate temporary scarcity from durable economics, and true disruption from market overreaction.

The market is using a hammer where a scalpel is needed. In that environment, active management should matter more.

The opportunity isn't simply to own AI winners and avoid AI losers — it's to identify which businesses have economic power that AI will erode, and which have economic power that AI may make more important.

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RUDI'S VIEWS

Rudi's View: When Aussie Companies Move Overseas

Are Australian companies better off by not expanding offshore? History suggests otherwise.

By Rudi Filapek-Vandyck, Editor

Contrary to popular perception, Australian companies' offshore expansion is not by default doomed from the start

Shareholders in discount pharmacy chain operator Sigma Pharmaceuticals ((SIG)) received quite the scare last week when media reports surfaced about ambitious management running the ruler over UK's market leader Boots.

The Sigma share price tells the story, as it rapidly declined from $2.92 to $2.64 by Friday, a drop of -9.50%-plus.

By Monday morning, any prospect of a deal being negotiated had already been kyboshed. That news was worth a recovery of circa 6.4% in the share price.

The unwelcome news reminded local investors about Wesfarmers' ((WES)) ill-executed expansion in that market, from which AMP Ltd ((AMP)), National Australia Bank ((NAB)), and McMillan Shakespeare ((MMS)), among others, equally had withdrawn with a major F mark in their corporate track record.

It was there that Slater & Gordon ((SGH)) acquired Quindell's UK legal business in 2015 -- and ended up destroying 90%-plus of shareholder value.

Can Aussies Travel?

One of the persistent narratives among Australia's community of investors is that Australian businesses don't travel well. When offshore expansion plans are being announced, it's best to sell and park elsewhere.

Guzman Y Gomez's ((GYG)) painful retreat from the US can serve as yet another recent reminder, while the UK's unfulfilled ambitions continue to weigh on Pexa Group's ((PXA)) share price.

And who can argue with troubled experiences from the likes of ANZ Bank ((ANZ)), Boral ((SGH)), InvoCare, Lynas Rare Earths ((LYC)), Mayne Pharma ((MYX)), Lendlease ((LLC)), Ramsay Health Care ((RHC)), and Telstra ((TLS))?

Australian success stories are often born out of limited competition in local markets dominated by cosy duopolies. The easiest to make mistake is to overpay for a troubled incumbent in an offshore market and then assume the same success formula from Australia can be applied.

Many a disappointed shareholder today doesn't get overly excited when company management expresses ambition to expand overseas, but there are plenty of success stories too, and they should not be forgotten about.

Offshore Is Not The Abyss

It is estimated more than a third of all revenues reported by ASX-listed companies is from outside the country (more during commodity boom years).

A 2021 study by McKinsey stated nearly half of all ASX100 companies typically generate at least 30% of sales outside of Australia and New Zealand.

That study also concluded increased international exposure typically correlates with **higher shareholder returns**.

Indeed, companies like Amcor ((AMC)), Aristocrat Leisure ((ALL)), Brambles ((BXB)), Car Group ((CAR)), Computershare ((CPU)), and James Hardie ((JHX)) might not be every investor's cup of tea, and they are not always in fashion, but today's share prices are much higher than twenty years ago, and there should be little doubt today's share prices are higher than if these companies had kept their success formula inside Australia's borders.

It is my observation Australian investors tend to underestimate how successful many of this country's businesses have become on the international scene.

The likes of Cochlear ((COH)), Goodman Group ((GMG)), Pro Medicus ((PME)), ResMed ((RMD)), and WiseTech Global ((WTC)) are either the global market leader or among the world's best in their field of expertise.

This equally applies to Computershare and the others mentioned before that short list.

While we all think about BlueScope Steel ((BSL)) in terms of Colorbond dominating the domestic market for colour-coated steel applications, its key profit growth drivers have alternated in recent years between operations in Asia or in North America.

On my quick assessment, some 22 of the current Top 50 companies on the ASX have significant business offshore.

Among smaller caps, Ansell ((ANN)), Breville Group ((BRG)), Codan ((CDA)), Harvey Norman ((HVN)), Iress ((IRE)), Lovisa Holdings ((LOV)), Megaport ((MP1)), Nick Scali ((NCK)), Nickel Industries ((NIC)), and Premier Investments ((PMV)) spring to mind.

While cycles still apply, and nothing's ever set in stone forever, in most of these cases the outcome has been net positive for shareholders.

So what's the difference between success and failure?

Quality Is A Good Starting Point

I bring it down to Quality businesses led by quality management teams. It is possible to ride out a lucky streak for a while in a small pond that is Australia, but you need a lot more to make it internationally.

When I was deeply immersed in my attempts to identify the highest quality businesses on the ASX, it soon dawned upon me most businesses that pass the test are successful internationally.

As such, I regard this as one key characteristic of what makes a high quality business.

And when companies like InvoCare and McMillan Shakespeare fail quite painfully in their offshore ambition, my conclusion is their businesses had been carried by favourable dynamics locally, not so much by exceptional products, great service or outstanding management skills.

This is not a 100% watertight assessment. Wesfarmers, whose high regard among Australian investors I share, made a big slip up when expanding into the UK.

And CSL's ((CSL)) loss of high quality status is further reinforced by overpaying for the Vifor acquisition.

In Wesfarmers case, I suspect hubris had temporarily entered the C-suite (similar to what has happened to Woolworths Group ((WOW)) on a number of occasions) and some harsh lessons have been learned.

As we recently reported, the conglomerate's Anko Global brand is now expanding throughout the Philippines and Fiji is targeted next.

Let's call it an 80/20 rule. Great businesses led by great management (ex-hubris) have an 80% chance of success when moving offshore, and a 20% chance for failure.

If it's a not-so-great business, reverse the numbers.

Eagers Automotive ((APE)) and NextDC ((NXT)) are among local businesses who've recently made their first forays into foreign territories.

Goes without saying, specific industry conditions will determine just as much as management's execution whether shareholders will benefit in the long run.

Sigma's UK Execution

Returning to Sigma Pharmaceutical's abandoned deal in the UK, shareholders' apprehension is fairly easy to understand.

The tie-in with Chemist Warehouse domestically is still relatively young and there's limited track record for the current corporate entity on the ASX.

Also, a mooted acquisition price of circa $14bn would be a big undertaking given Sigma's own market cap is $30bn-plus.

And while a successful expansion in the UK will grow future potential for shareholders, chipping away market share from a troubled incumbent can be just as effective, and with less risk.

Just ask the team at TechnologyOne ((TNE)) that a few years ago walked away from acquiring one of the incumbents in the UK market. I don't think any of their shareholders is today complaining about that decision.

One extra cause for concern was that Boots is owned by private equity firm Sycamore Partners. Australian investors have had plenty of disappointing experiences with private equity owned businesses.

We rather prefer private equity takes ailing businesses off our hands than trying to flog them off with lots of debt on lean operations.

Sigma Healthcare is owned by the FNArena-Vested Equities All-Weather Model Portfolio.

My curated research and selections: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

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Dividend Investing, The Smart Way_250(1)

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(This story was written on Tuesday, 15th June 2026. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

(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. All views are mine and not by association FNArena's see disclaimer on the website.

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

RUDI'S VIEWS

Rudi's View: What (Not) To Buy Ahead Of June 30

In this week's edition:

- **(More) Patience Required**
- **What To Buy Ahead Of June 30**
- **What Not To Buy (Sell) Ahead Of June 30**

By Rudi Filapek-Vandyck, Editor

(More) Patience Required

A largely moribund share market harbours many frustrations, even if money is currently flowing into Australian shares ahead of June 30.

My personal suspicion is institutional investors don't want to close off the financial year with too much loose change sitting idle.

The odd irony here is that instos buying is meeting tax loss selling elsewhere. This might create some odd dynamics over the remaining eight trading sessions in June.

No doubt, one particular stock that has frustrated many throughout the year past is CPAP champion **ResMed** ((RMD)).

After selling down upon coordinated global attack on potential GLP-1 impacted business models in 2023, that share price made it all the way back above $40 (from circa $21 at the peak of selling), but the twelve months past has seen it retreat back into the $26-$27 region.

So much for making fun out of traders believing GLP-1s will eradicate obesity and with it all businesses who somehow benefit from it.

Investing in the share market is supposed to be closely linked to corporate earnings, but that correlation has gone painfully missing during these processes.

Anyone frustrated surely includes management at the company. At face value, ResMed has done everything its local peers could not during the post-covid era, growing roughly at 20% per annum and increasing its margins.

The precise data were summed up by Morgan Stanley on Thursday morning: 19% EPS growth per annum over the three years to March 2026 while revenue grew by 11% (the difference is made up by gross margin expansion).

Current consensus forecasts are for 18.3% EPS growth for FY26 --yet again, exceptional when compared to CSL, Cochlear, Sonic Healthcare and the like-- though FX headwinds and less room for further margin increases are tempering expectations for next year.

Consensus is currently positioned for "only" 9.3% EPS growth in FY27. Yes, that is a major step down from what has been achieved in previous years.

Is this why the share price is where it is? We observe general sentiment towards the healthcare sector

--globally-- is still net negative.

Stockbrokers covering the company in Australia all had Buy-equivalent ratings with price targets well above the share price, suggesting the market, yet again, was playing silly buggers for all the wrong reasons.

Note the verb in that previous sentence; 'had' not 'have'.

Morgan Stanley downgraded the stock this morning, handing traders yet another opportunity to push the share price down by a further -3.8% on the day.

But let's first zoom in on what Citi analysts had to say earlier in the week.

Sector Sentiment & Ongoing De-rating

Yes, the shares look undervalued, Citi stated on Tuesday, with top line growth still slated for 10% per annum at least until FY30 which, in particular among ASX-listed peers, continues to look very attractive indeed.

But then Citi analysts met up with US investors and discovered general sentiment towards US medtech companies --including ResMed-- remains bottom-of-the-barrel negative.

For your typical contrarian investor, this would be a signal it's time to start piling in, but Citi makes the point that, within the American context, ResMed's growth prospects look rather middle-of-the-road (i.e. not exceptional) and when combined with the overall sector de-rating and low sentiment, it'll probably take time for investors to start paying attention again.

In layman's language: if you're owning shares in ResMed right now (as do I) you will have to be patient.

As the sector de-rating might well last another leg (or two), Citi analysts have lowered their price target to $38 in Australia, US$270 for the US listing (10x Aussie shares), having placed FY27's PE multiple on 15x, which corresponds with similar growing US comparables.

With the shares trading around $26.50, that continues to leave an extremely large gap, hence why Citi's rating remains Buy.

Prior to Tuesday's change of heart, Citi's price target had been $48, so here on display is equally a major de-rating into how this broker feels ResMed should now be valued.

Philips' Curve Ball

As signaled above, ResMed's perfect record of Buy ratings ended this morning with Morgan Stanley moving to Equal-weight from Overweight, while reducing its target to US$230 from US$290.

So what's happening here?

Less room for further margin expansion, but also the anticipated return of major competitor Philips into the American market, expected to limit ResMed's growth potential.

Morgan Stanley's revised forecasts only suggest 5% year-on-year growth for FY27, suggesting consensus needs to cut its current number by circa half and that will make ResMed a whole lot less exceptional in the year ahead.

The positive news is ResMed shares continue to trade more than -19% below this broker's downgraded price target. Plus Morgan Stanley continues to agree with just about every other analyst, while GLP-1s have reduced the terminal growth rate, the near-to-long term growth outlook continues to look positive.

It's a shame all the positive achievements from the years past have not been a rewarding experience for shareholders who are now being asked to remain patient for longer.

What To Buy Ahead Of June 30

Livewire Markets has asked me to contribute to their update on which stock(s) to Buy and to Sell ahead of June 30th.

Let's start with the positive: which stock to Buy?

One of the companies that continues to have my conviction is **Goodman Group** ((GMG)).

Those shares peaked in early 2025 above $38 when exposure to data centres was the *trade du jour* and bottomed near $25 in March. It is yet again dawning upon local investors, the data centres build-out has a lot further to go and this company sits inside the sweet spot -- globally.

There's a lot more going on inside this company, with demand for industrial warehousing a positive too and so will be a shift in focus towards RBA rate cuts in 2027, but in the here and now the market's focus very much lays with data centres and whether/when Goodman can announce fresh partnerships to build out its pipeline of work in progress.

Those partnerships will be announced. Management has been very clear and transparent about it at recent briefings with institutional investors. Negotiations are taking place.

It's now but a matter of time.

Partnership announcements will act as a catalyst, all else remaining equal.

That $38 in early 2025 wasn't wrong, it was probably more a case of: too early.

Bonus: investors looking for a 'cheaper' priced opportunity should consider **SGH Ltd** ((SGL)).

What Not To Buy (Sell) Ahead Of June 30

What not to Buy (Sell)?

FNArena data show more than 66% of all ratings for individual ASX-listed stocks by seven daily monitored stockbrokers is currently a Buy or equivalent with Neutral/Hold ratings on 27% and total Sells below 7%.

Those are shocking numbers, indicative of a heavily polarised share market in which momentum and narrow leadership are steering the index.

Add tax loss selling in June and there's an outsized group of stocks that lacks momentum and attracts no lasting attention from investors or traders, no matter how cheap the valuation.

If history is our guide, some of the heaviest sold down, cheaply priced laggards might well see buying interest return in July. This includes many low quality, perennial disappointers.

This set-up asks a very important question from investors: what type are you?

If looking for a cheap entry into longer term performers, don't jump on the lowest quality stocks. They won't last the distance.

Names to avoid include Appen ((APX)), Bapcor ((BAP)), G8 Education ((GEM)), Healius ((HLS)), Inghams Group ((ING)), and Synlait Milk ((SM1)).

For (much) better alternatives: see higher up.

The FNArena-Vested Equities All-Weather Model Portfolio owns shares in ResMed, Goodman Group, and SGH Ltd.

My curated lists are 24/7 available to paying subscribers: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

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SMALL CAPS

Awaiting Catapult Sports' Fundamental Re-Rating

Following a stand-out FY26, analysts believe Catapult Sports' execution and growth trajectory suggest a re-rating should follow.

- **Catapult Sports' FY26 beat on most metrics**
- **Recent acquisitions performing well**
- **Ample headroom for further market penetration**
- **Re-rating expected following growth stock sell-off**

By Greg Peel

Despite making lots of progress, shares in Catapult Sports have significantly de-rated

Catapult Sports ((CAT)), according to its website, "exists to unleash the potential of every athlete and team on earth. Operating at the intersection of sports science and analytics, Catapult products are designed to optimize performance, avoid injury, and quantify return to play.

"Catapult has over 400 staff based across 24 locations worldwide, working with more than 5,000 elite teams in over 100 countries globally."

Catapult is a global leader in sports technology with solutions for every element of the performance ecosystem from wearable tracking to athlete management and video analysis. The company services a large suite of different spots, from football codes to motor racing.

The Performance

Catapult last month released its FY26 result. While headline numbers had been pre-released in the late March trading update, Morgans was pleased to see the strong organic growth in the business maintained throughout the period, which augurs well for the company's medium term aspirational targets.

Revenue rose 19% (constant currency) year on year, 2% ahead of consensus. Closing annualised contract value (ACV) rose 28% in line with consensus and guidance. Management earnings (17.6% margin), up 67%, were 20% ahead of consensus.

Free cash flow (ex-transaction costs) was marginally above the top end of the guidance range. Catapult closed the year with US$53.5m cash on the balance sheet and no debt.

A statutory loss of -US$24m widened from -US$9m a year ago, with the deterioration largely non-cash and acquisition-related.

Of particular note for Morgan Stanley was the pleasing progress made with bedding down the recent Impect and Perch acquisitions -- the first material acquisitions made by the company in some time.

Morgan Stanley believes the FY26 result demonstrated Catapult's ability to integrate and scale acquisitions effectively, with both Imprct and Perch appearing to perform well post-acquisition and contributing positively to growth, product breadth and cross-sell opportunities.

This was achieved alongside organic growth in the core business.

Analysts highlight Catapult almost reached the "Rule of 40" -- a financial metric for SaaS companies in which the sum of revenue growth and profit margin should equal or exceed 40% to indicate a healthy balance between growth and profitability.

Catapult achieved a result of 36%, which excludes the impact of the Impect and Perch acquisitions (46% including).

The Parts

Segmentally, Performance & Health (P&H) ACV growth of 23% was largely organic and greenfield-driven, Morgans notes, with 460 new Pro P&H customers added.

Geographic expansion in soccer (EMEA, Central America) and continued US college sports growth remain the key growth drivers.

Tactics and Coaching (T&C) ACV growth of 40% was Impect-led, with Pro Video Suite contributing. Importantly, Morgans highlights, Impect is now live on the Catapult platform and entering the Northern Hemisphere selling season.

Total pro teams across both verticals now sit at 4,178, with multi-solutions teams representing circa 32% of these at period end.

The Future

Catapult provided its usual guidance for the year ahead of strong ACV growth, continued improvement in margins, and higher free cash flow.

Bell Potter has upgraded FY27 and FY28 management earnings forecasts, mostly driven by increases in margin estimates.

Upgraded FY27 and FY28 ACV forecasts are equating to ACV growth of 17% and 16% -- below the traditional 18-22% target but obviously getting more difficult as the number gets larger, Bell Potter notes.

Free cash flow of US$10m is now forecast in FY27 and US$14m in FY28, consistent with guidance.

Morgan Stanley is watching continued execution across the T&C segment and for evidence that recent acquisitions can sustain stronger growth over time. T&C ACV growth was driven by both organic growth and Impect.

While still early, Morgan Stanley believes the successful integration and growth of Impect and Perch de-risks

Catapult's M&A strategy, particularly given the potential to drive cross-sell opportunities across the company's installed base of some 4.2k pro teams.

While expectations are for future growth to tilt towards cross-sell (60% price/mix, 40% teams), this analyst argues the FY26 result demonstrates Catapult continues to capture new logo opportunities despite deepening penetration.

Ord Minnett's estimates suggest gross new pro team ACV was $34m, of which 62% was driven by new teams and 38% from upselling existing customers.

Ord Minnett forecasts Catapult reaching 5.5k pro teams by 2030 and an ACV/Team of $43.5k, underpinning a 16% ACV compound annual growth rate.

Importantly, 80% of FY26 new teams were organic (Impect/Perch only contributed 20% of additions), further strengthening Ord Minnett's penetration assumptions and highlighting organic team growth remains strong despite acquisition contributions.

With evidence of increased sales in higher margin products and operating leverage driving management earnings margin expansion (41% incremental in FY26), Ord Minnett expects Catapult to achieve its maiden profit-positive year in FY29.

Canaccord Genuity remains of the belief Catapult is in the best financial and operating position since inception (2006).

The company is seen entering FY27 with an enhanced and broader product suite, with ample headroom for further pro-team penetration (FY26: 20% of industry total addressable market of some 20k pro-teams), cross-sell/up-sell momentum and a self-funded business model for potential accretive tuck-in acquisitions.

The Valuation

Despite delivering a three-year compound annual revenue growth rate of 19% with no signs of slowing, continued management earnings margin expansion towards 30% (up 489 basis points year on year), along with upside from further market penetration, Ord Minnett believes Catapult shares remain inexpensive relative to peers.

On this broker's assessment, the stock trades on just a 12x 2027 enterprise value to earnings multiple, a -28% discount to Australian Enterprise Software peers with comparable growth profiles trading at 17x.

There is perhaps a lack of short-term catalysts, Bell Potter admits, but the stock does look reasonable value and Bell Potter does expect another year of strong growth.

The company also has a strong balance sheet with cash forecast to rise to circa US$60m at year-end. While not expecting any acquisitions in the near term, Bell Potter does see potential for further M&A in the medium term.

Morgans highlights the strong growth, market leading technology, and large addressable market combined with an undemanding valuation.

Of the five brokers monitored daily by FNArena covering Catapult Sports, all have Buy or equivalent ratings. A consensus price target of $5.13 suggests 66.7% upside to Friday's closing share price of $3.08.

The range of targets is quite wide, from Ord Minnett on $3.97 to UBS on $6.45, not unusual for a small cap growth company that is not yet profitable.

Canaccord (Buy) stands out with an $8.00 target.

There has been a clear rotation out of growth stocks over the previous six months, Canaccord notes, with Catapult's share price down -55%, despite the company continuing to meet or exceed expectations through this period.

Canaccord believes investors will revert to growth stocks in the event long-term bond yields stabilise, with Catapult likely one of the first to re-rate given the significant non-fundamental de-rating that has occurred.

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SMALL CAPS

Super Retail Confident On Organic Growth Options

Super Retail has unveiled an ambitious five-year growth strategy centred on store expansion, digital transformation and cost savings.

-Super Retail's expanding footprint across four brands
-Investor day highlights brand strategies for market share
-Ignite program targets material cost savings
-Valuation appeal versus execution risk

By Mark Woodruff

While online sales are growing stronly, Super Retail continues to seek expansion through bricks and mortar locations

At last week's investor day, management at specialty retailer Super Retail ((SUL)) outlined a five-year strategy focusing on footprint and longer-term cost savings.

Management continues to prioritise organic market share gains across its four brands and large addressable markets.

Supporting this strategy is the group's Ignite transformation program, a multi-year investment in digital capabilities, data, artificial intelligence (AI) and a staged enterprise resource planning (ERP) rollout.

Building on recent loyalty and supply chain initiatives, the program is targeting around -$75m in annual cost savings by FY29, helping fund future growth initiatives.

Expansion targets imply annual store growth of around 3% at the group level, comprising approximately 3% for Supercheap Auto, 5% for sporting goods retailer Rebel, 3% for leisure activity-focused BCF (boating, camping & fishing) and 2% for Macpac, which caters for adventurous travelers.

While management provided no trading update, targets were outlined including mid-to-high single-digit annual

growth in pre-tax profit through to FY31, around 7% ahead of the consensus expectation, according to Jarden.

Management also identified scope for an additional 134 stores across the group's banners by FY31, which this broker notes is around three times current market assumptions.

The group currently operates around 790 stores across Australia and New Zealand.

Super Retail holds only around 10% market share across its core automotive, sports and adventure categories. Jarden highlights this leaves significant scope to increase penetration within an estimated $65bn total addressable market (TAM).

This broker argues improving confidence in earnings growth and an expanding competitive advantage could support a valuation re-rating, with Super Retail currently trading on an implied EBIT multiple of around 11x compared with more than 20x for Wesfarmers ((WES)).

Given management highlighted stronger growth in online retail than physical stores, Macquarie questions the merits of prioritising store expansion.

This analyst concedes a combined online and in-store model remains necessary, particularly to support Click & Collect services in regional markets.

While acknowledging heightened competition from Wesfarmers-owned Bunnings in automotive retail and Sports Direct in sporting goods, Citi still sees meaningful growth opportunities across the portfolio.

These include regional store expansion and private-label growth at Rebel, along with larger-format stores, superstores and increased exposure to the 4WD market at Supercheap Auto and BCF.

The group's loyalty ecosystem, including Supercheap Auto Club Plus and Rebel Active, provides access to millions of customers and is becoming an increasingly important driver of sales growth, customer retention and marketing effectiveness.

Brand strategies

Selling automotive parts, accessories, tools and vehicle maintenance products, Supercheap Auto is the domestic market leader in the automotive aftermarket and benefits from Australia's large and ageing vehicle fleet.

Management's growth strategy for this brand centres on expanding the product range, including a greater focus on 4WD accessories through new brands and a broader electric vehicle (EV) offering.

Morgans highlights the business is also evolving its store network with a new-generation Gen V format and selective expansion of both smaller and larger stores. Enhanced service capabilities, particularly vehicle fitment and a wider 4WD product range, are expected to support growth.

These initiatives target a core market worth around $17bn, alongside an additional $30bn opportunity in adjacent categories such as trade parts and smart home technology.

Rebel is the group's sporting goods retailer and the second-largest earnings contributor, behind Supercheap Auto. Competing with chains such as JD Sports, Sports Direct and specialist retailers, the business sells sporting apparel, footwear and equipment.

Morgan Stanley notes Rebel has identified regional expansion and the ongoing rollout of rCX-format stores as key growth initiatives.

The broker believes, however, the larger earnings opportunity lays in improving operational execution across merchandising, inventory planning, promotional effectiveness and product availability.

Elsewhere, BCF provides exposure to Australia's outdoor leisure sector. The chain sells camping equipment, fishing gear, boating accessories and outdoor apparel.

Morgan Stanley believes BCF's superstore rollout should help drive market share gains, while expansion into 4WD fitment provides access to an attractive adjacent profit pool.

The partner-led, test-and-learn approach is seen as sensible given the operational complexity and specialist skills required for installation services.

If successfully executed, Morgan Stanley expects the fitment offering to increase average transaction values

and strengthen customer loyalty.

For Macpac, the emphasis remains on technical, high-quality outdoor products, increasing brand awareness in Australia and expanding distribution.

This outdoor apparel and equipment business, with operations in the A&NZ region, focuses on technical outdoor clothing, hiking equipment and travel products.

Management plans to grow the store network and leverage wholesale opportunities through BCF and Rebel.

Morgans notes Macpac currently has relatively low penetration in the Australian market and sees significant growth potential across A&NZ's $4bn adventure market, along with further opportunities in adjacent outdoor categories.

Savings & margins

Management sees scope for margin expansion over the medium term. This is particularly the case at Rebel, Jarden notes, driven by improved markdown management, a more favourable sales mix, growth in own-brand products, and ongoing cost reduction initiatives.

After reviewing the Ignite transformation program, Macquarie forecasts around 120bps of earnings (EBITDA) margin expansion between FY28 and FY31 for the group.

The estimate reflects only $30m of annual benefits, leaving scope for upside if the company successfully leverages artificial intelligence and streamlines retail operations.

Investors should, however, account for an extra -$30m per year in costs from FY27 to FY29 due to transformation program investment.

The analyst at Morgan Stanley expects a greater contribution from private and licensed brands for Rebel, with penetration targeted to rise to 20% of sales from around 10%.

If achieved, Morgan Stanley expects gross margin expansion, although the outcome remains dependent on successful execution.

The electric vehicle dilemma

Macquarie views the transition to EVs as a structural headwind for Supercheap Auto, given EVs require fewer replacement parts and less routine servicing than internal combustion engine vehicles.

Lower demand is anticipated for products such as oil, filters and coolants, weighing on long-term growth.

In the analyst's view, Super Retail has yet to articulate a clear strategy to offset this risk beyond expanding its product range to cater for EV owners.

Outlook

At approximately 3x EV/EBITDA, Macquarie considers Super Retail's valuation compelling, particularly given its strong free cash flow (FCF) profile and healthy balance sheet.

By contrast, Morgans emphasises the negatives. A Hold rating is retained given the current share price is trading close to the broker’s revised $12.30 target (up from $11.51) against a backdrop of softer consumer demand and ongoing competitive pressures.

Among the six daily covered brokers in the FNArena database, there are two Buy ratings for Super Retail and two Hold equivalents. Ord Minnett is midway between Buy and Hold in its rating system, while Morgan Stanley retains its Sell-equivalent rating.

Following the investor day, the average target of these six brokers has risen to $13.68 from $13.45, though both UBS and Ord Minnett are yet to update their research.

Ord Minnett's target price of $16.00, set in late April, is the highest of the pack.

The new consensus target sits 7.8% above yesterday's closing share price of $12.69. Super Retail shares rallied 3.42% on the day.

Outside daily coverage, Jarden raises its target by 30c to $15.60 and retains an Overweight rating, also midway between Buy and Sell for this broker.

Current consensus forecasts are projecting EPS to retreat by -8.2% for FY26 (running year) and then recover by 8.2% next year. Dividends are expected to be reduced by -40% this year.

If everything goes according to plan, shareholders should welcome a rise in dividends by 9.9% to 63.2c next financial year.

For more details: see Stock Analysis on the website.

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SMALL CAPS

Aussie Broadband’s Scale-Up Potential

A miss on net subscriber additions in the latest 2H26 updated has not deterred analysts from an upbeat growth outlook as acquisitions boost growth in FY27.

- **Aussie Boradband management boosted confidence by reiterating FY26 guidance**
- **Sooner than expected migrations and re-platforming augurs well for FY27**
- **Weaker consumer backdrop already reflected in the share price**
- **Upside risks to FY28 earnings forecasts**

By Danielle Ecuyer

NBN pricing changes have impacted on growth in Aussie Broadband's subscribers

Looking through a near-term miss

Fast growing telco challenger **Aussie Broadband** ((ABB)) reiterated its FY26 earnings (EBITDA) guidance of $162m-$167m, while highlighting more granularity to the outlook.

FY26 guidance aligns with most analysts' forecast.

Capex for FY26 was guided to the top end of prior guidance at -$55m-$60m and net debt/EBITDA was 0.72x at the end of May.

Analysts concurred subscriber growth to the end of May of 28k, or a run rate of circa 33.5k-34k for 2H26, was weaker than expected.

Canaccord’s forecast for 2H26 stood at 39k-plus. UBS emphasises net adds of around 33.6k over the second half were well below expectations of 40.8k net adds and consensus at circa 36k.

UBS is nevertheless encouraged by FY26 earnings guidance being reiterated.

Ord Minnett continues to anticipate NBN market share rising to around 8.9% by the end of FY26.

Acquisitions diversify the earnings composition

Aussie Broadband is in a transition process, with the circa -5% decline in More & Tangerine wholesale customers noted as a near-term factor attached to the 4Q26 migration.

The More/Tangerine and Buddy migration was highlighted by management as being finished ahead of June 30. Canaccord, for example, had penciled in 1Q27.

The pull-forward does not alter Canaccord's FY26 forecasts materially, except for More/Tangerine, with 275k subs versus around 250k subs at the time of the announcement in August 2025 and the forecast 290k from the 1H26 update.

This represents a 95% retention rate on migration.

Taking a step back, Jarden believes the market should look through the short-term miss in subscriber growth as the telco continues to migrate and consolidate its recent transactions.

Management is in the process of transforming Aussie Broadband into a *"multi-channel scale platform"* with more diversified exposure across consumer, wholesale, SME and enterprise markets, moving beyond its origins as a residential challenger growing organically.

The company has undertaken four transactions in six months with a strategy, or as Jarden states, a "pathway", to achieving more than 1.3m NBN connections.

Over 1H26, Aussie Broadband acquired AGL Telco and NexGen, while also completing transactions involving More/Tangerine, Buddy, Digital Sense and Symbio. Management has expanded customer scale, strengthened business communications capabilities and increased exposure to higher-margin recurring revenue streams, Jarden believes.

AGL Telco is the largest transaction, with around 350k broadband and mobile connections anticipated to move to the network, with completion over 1H27. Earnings (EBITDA) contribution is estimated to generate additional growth of circa $21m at the first full-year run rate.

NexGen is bringing around 6k SME customers on four-to-five-year contracts, with circa $2m-$4m in cost synergies flagged. Recurring revenue should boost earnings (EBITDA) by around $12m in FY28.

The sale of the Buddy retail brand to Tangerine in 2H26 is expected to contribute a cumulative $9m earnings benefit as Aussie Broadband retains wholesale revenue while exiting a loss-making retail operation.

Offsetting these gains are a cumulative -$8m EBITDA headwind from the divestment of Digital Sense and a cumulative -$6m impact from ACCC-mandated wholesale voice pricing reductions affecting Symbio.

Importantly, as emphasised by Canaccord, the More/Tangerine and AGL deals will boost Aussie Broadband to more than 1.3m subscribers, making it the third-largest NBN service provider in the country.

At this point, the telco achieves a "point of real scale", with underlying opportunities across the acquired subscriber bases by virtue of their characteristics and profiles. Canaccord believes there is potential medium-term upside risk to earnings forecasts as management implements measures designed to expand margins.

UBS points out More/Tangerine has not been insulated from aggressive competition, highlighting active users (subs) at the end of June of 275k, some -5% below previous expectations.

Positively, management's confirmation of underlying earnings (EBITDA) for FY27 implies (confidence in) an improvement in margins.

The analyst stresses management teams at both More/Tangerine and Aussie Broadband would have been focused on completing the migration in FY26. Net subscriber additions have scope to gain momentum from FY27 onwards as focus shifts back to customer growth.

Also, as the market absorbs price changes put in place by the ISP ahead of the July NBN wholesale price increases, Aussie Broadband was one of the first movers to adjust price. As such, the analyst believes this factor may have contributed to the churn during the latter part of May.

Pricing is expected to stablise across the industry and the UBS analyst believes suscriber momentum will pick up to levels before the price increase. Notably, industry feedback suggests the cheapest ISP providers are not necessarily gaining market share, with subscribers opting for an increase in quality.

The targeted upgrade program announced by NBN two months ago for the transition of specific homes and businesses from the copper network to full fibre network starting in July 2027 is expected to result in a rise in industry churn.

In turn, it is believed this will support more customers moving to higher speed plans.

UBS believes the telco's track record in migrating subscribers positions the company well for AGL Telco, with contributions potentially flowing through sooner than previously anticipated in FY27.

Equally, forecast FY27 subscriber growth is above the 1.3m target. Applying historical annual net-add momentum across all segments, Aussie Broadband could achieve around 1.5m connexions by FY28.

This is one of management's Look-to-28 strategic goals.

Assessing the earnings outlook

Post-update, Canaccord lifted its FY26 wholesale subscribers estimate to around 358k, up 62k, due to the migration of More/Tangerine by fiscal year-end as well as Buddy additions.

A slowdown in the macro environment over 2H26 has resulted in the trimming of the Residential and Business Enterprise & Government (BE&G) subscribers forecast, but earnings forecasts are largely unchanged for FY26.

Capex assumptions are lifted slightly, in line with guidance, and leverage rises to 0.6x from 0.1x; still considered "healthy".

Canaccord reiterates its Buy rating with a slightly lower target price of $6.87 from $6.94. The broker's long-term view remains positive and the stock is seen trading on around 7.2x FY27 earnings (EBITDA).

Canaccord believes the valuation does not fully reflect earnings growth forecasts in the high-to-low teens, alongside scope to deleverage the balance sheet and ongoing potential for earnings upgrades.

UBS liked FY26 guidance being reaffirmed and believes it signals improving margins as the composition of the customer base shifts, as well as robust cost management and a "rational" approach to pricing in the lead-up to NBN price changes.

UBS retains a Buy rating and $6.20 target price. The broker transfers analyst coverage with this update.

Ord Minnett envisages upside risks from stronger subscriber growth and improved operating leverage, highlighting net debt/EBITDA of 0.72x places the telco in a good position to fund growth opportunities, either organically or via acquisitions.

Ord Minnett is upbeat on the FY27 outlook with contributions from NexGen, AGL Telco and contract wins with More/Tangerine.

A Buy rating is retained with a $6.37 target, up from $6.35 previously.

Jarden's FY28 earnings (EBITDA) forecast of $243m sits around -10% below management's target of $270m, based on revenue of around $2bn at a margin above 13.5%.

On that basis, this analyst sees potential upside risk to earnings if Aussie Broadband can achieve its financial goals.

The slowdown in residential growth is believed to be discounted in the current share price and, as such, Jarden views the risk/reward proposition as improving, hence the willingness to look through near-term subscriber numbers to the FY28 outlook.

A Neutral rating is retained with an unchanged $5.50 target price.

FNArena consensus forecasts suggest EPS should grow 81% in FY26 and 37% in FY27.

The consensus target price is $6.084, implying 15.7% upside to yesterday's closing share price, with five Buy-equivalent ratings.

Both Canaccord Genuity and Jarden are monitored regularly, but outside of daily coverage.

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SMALL CAPS

Flight Centre To Regain Altitude

The Middle East conflict has significantly impacted the travel industry, and Flight Centre Travel is no exception. Peace, if that's what it is, should drive a return to solid growth.

- **Flight Centre Travel downgrades guidance more than feared**
- **Growth was accelerating before the war**
- **Peace should now lead to a swift rebound**
- **Rollout of AI platforms from this week**

By Greg Peel

Travel agents should be among key beneficiaries of a lasting peace in the Middle East

It was never going to be a matter of if, but by how much. Joining travel industry peers, Flight Centre Travel ((FLT)) has downgraded FY26 profit guidance.

Analysts had already cut their forecasts in anticipation of the impact of the Middle East conflict in corporate and leisure travel demand, and investors had quickly seen the writing on the wall, selling the stock down some -40% from February to May, before talk of a "deal" drove a 30% bounce-back.

That still leaves the stock down -24% from its peak.

It has now been agreed Trump's approved memorandum of understanding represents an ignominious defeat and a surrender to Iran.

At least the Strait will be reopened.

But this is not yet "peace", just a 60-day extension of the ceasefire in order to talk further. And Israel can yet derail the process.

Travel sector analysts are nevertheless for the most part optimistic, expecting a company that was performing well before the war can quickly revive now the war is over.

If that's what it is.

More than Feared

Flight Centre's underlying FY26 profit downgrade to $275-$295m represents a -13%-16% revision to prior guidance of $315-$350m, and despite anticipation, is -7.4% below consensus at the midpoint.

Before the war, Flight Centre's profit for the nine-months of FY26 to that point was up 10% year on year, and up 20% year on year for the March quarter.

Unsurprisingly, leisure demand has been the hardest hit. A spike in air fares, government travel restrictions to the Middle East, required re-routing leading to longer haul flights, and a general fear have made potential travellers think twice.

The conflict has interrupted travel plans and forward bookings. Additionally, Flight Centre will lose overrides from higher-yielding Middle Eastern carriers compared to lower-yielding Asian and US carriers, Morgans notes.

Some customers that have rebooked have done so to lower-margin short-haul destinations. Customers are choosing to switch long-haul overseas holiday plans to domestic destinations or more nearby foreign destinations (such as Bali and Thailand).

Corporate demand, on the other hand, has remained resilient, more so than would be expected in the age of Zoom and equivalents.

Flight Centre's new forecast FY26 underlying profit growth for Corporate of 26% year on year compares to 23% for FY26 to date. Outperformance is driven by market share gains and productivity initiatives.

Medium-term growth remains attractive, Macquarie notes, supported by new business wins and **rollout of AI platforms from this week**.

Macquarie sees Corporate as a key AI beneficiary over the next three or so years.

Rebound should be swift

Along with downgraded guidance, Flight Centre has announced a share buyback of up to $200m. Analysts agree this represents management's faith in the business quickly returning to prior solid growth now the war is over.

Management said the peace agreement reached this week provides a clearer runway into FY27 and a significant earnings tailwind. Management also highlighted past rapid and steep rebounds which have followed short-term leisure travel downturns.

Significantly, in the wake of the agreement, the Department of Foreign Affairs and Trade has this week lowered its travel advice for Bahrain, Israel, Kuwait, Qatar and the UAE from Level 4 (Do Not Travel) to Level 3 (Reconsider your need to travel).

The change is significant for Flight Centre given at Level 4, standard travel insurance policies are typically void, Morgans notes, which acts as a meaningful deterrent for both leisure and corporate travellers.

Looking ahead, Jarden notes domestic travel spending looks to have bottomed in April/May, while DFAT's decision to ease travel restrictions to the Middle East provides an additional near-term catalyst for demand.

This, coupled with the company winning more than $1.2bn of corporate contracts year to date, leads Jarden to become more positive. Jarden expects FY27 earnings to be materially higher than FY26, driven by the buyback, the normalisation of leisure earnings and corporate travel wins.

Historically, Flight Centre has emerged from crises in a stronger position through improved cost-control, a stronger balance sheet, and gains in scale and or mix. Jarden sees the current situation as no different.

Flight Centre has strengthened customer trust, gained market share and benefitted from market consolidation. At the same time, the travel agent has launched a loyalty program and is leveraging data and AI initiatives to

drive productivity and share of wallet.

The net result is Jarden believes Fight Centre should come out of the crisis stronger, with scope for earnings and return on invested capital to accelerate, albeit this is likely a second half FY27 story.

Is it all tailwinds from here?

Importantly, two of the biggest headwinds look to have eased for the moment, UBS suggests, being the peace deal and the government's easing of travel restrictions on five countries within the Middle East.

It's a big positive for travel into FY27, yet in UBS' view investors should not discount potential longer-standing headwind risks.

These include higher-for-longer aviation fuel and plane ticket pricing and further deterioration of Australian consumer sentiment (noting three RBA interest rate hikes, a fourth being forecast, and changes to negative gearing/capital gains tax impacting on the wealth effect).

This combination could see reduced travel, UBS warns, or further trading down to domestic or shorter-haul travel.

Furthermore, while the Corporate travel business has to date been materially less impacted compared to Leisure, elevated ticket prices could see northern hemisphere Corporate clients implementing travel restrictions around November-December, as 2026 budgets max out, or result in fewer transactions for the same travel budget (and less service fees).

It's a more challenging backdrop, but on current valuation UBS would argue very low expectations for FY27 are already priced in. Should Flight Centre demonstrate ongoing momentum in Corporate business wins and/or see a resumption of more normalised Leisure bookings versus currently, we could see further re-rates in UBS' view.

That is not to discount the fragility of the US-Iran agreement, and the fact an actual agreement has yet to be negotiated over the next 60 days. If those negotiations do not go well, Iran could quickly close the Strait again and an enraged Trump could easily start bombing again.

Another sticking point is Israel. Iran will insist any deal must include an end to Israel's bombing of Lebanon, and to date a stubborn Netanyahu is refusing to withdraw troops.

Maintaining the Faith

Interestingly, all of the six brokers monitored daily by FNArena covering Flight Centre went into the war with Buy or equivalent ratings, and not one found it necessary to downgrade as the impact hit the travel industry (recalling Flight Centre shares did drop -40%).

Post management's guidance downgrade, which proved more extensive than had been forecast, all have held onto those Buy ratings (noting Citi and Ord Minnett have not yet updated).

While brokers have downgraded their earnings forecasts in line with guidance, the $200m buyback is cited as a trade-off. The consensus target among the six has fallen only to $15.09 from $15.23 (so far – Citi and Ord Minnett pending).

After material share price weakness, Flight Centre is now trading on an FY27 PE of only 11.8x. Hence, Morgans retains a Buy rating and believes investors will be well rewarded when a travel industry rebound eventuates.

The company has clear strategies in place to grow its top line and improve margins, UBS suggests, which, if successfully executed, should underpin decent earnings growth when more normalised operating conditions eventuate.

In maintaining Outperform, Macquarie notes Leisure was tracking to strong growth before being impacted by macro events. Recent developments are improving, particularly the easing travel of warnings.

Corporate momentum is strong, Macquarie highlights, with a positive outlook, underpinned by ongoing new business wins and AI rollout.

A more sanguine UBS agrees early indications of the negotiated peace deal should help forward bookings, if

peace holds. UBS also notes that even with all the disruptions in the June quarter (the seasonally strongest quarter), at the midpoint of guidance Flight Centre would still deliver a flat result year on year.

There are some questions, UBS admits, over difference between rival Helloworld Travel's ((HLO)) commentary with management's recent downgrade that forward July bookings were up year on year, albeit these could have been booked before the Middle East disruptions.

UBS agrees it is worth noting momentum within the Corporate business remains strong, and valuation remains undemanding.

Jarden sees scope for Fight Centre to materially re-rate as travel trends improve and market share gains continue. The next catalyst will be the buyback starting (likely) in two weeks and the FY26 result, where Jarden will look for confirmation that trends are improving.

The key risk a re-escalation of geo-political conflicts. Jarden upgrades to Buy from Overweight, cutting its target price to $15.90 from $16.50. RBC Capital has a Neutral rating and $15 target.

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TREASURE CHEST

Treasure Chest: Elsight & Electro Optic Systems

FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts. Today's ideas are Electro Optic Systems and Elsight.

By Mark Woodruff

Whose Idea Is It?

Cannacord Genuity

The subject:

Electro Optic Systems ((EOS)) and Elsight ((ELS)).

Following Australian defence manufacturer Electro Optic Systems' successful $230m capital raising in May to take advantage of a step change in defence spend globally, Canaccord Genuity raised its earnings forecasts due to strong recent contract momentum.

Management at the advanced weapon systems and satellite tracking technology provider this week upgraded FY26 revenue guidance for its core business.

The broker also initiates coverage on Elsight, provider of connectivity solutions for drones, autonomous systems and other mission-critical applications.

Significant growth is emerging in Europe as NATO countries ramp up defence expenditure following the Russia-Ukraine war, boosting demand for products supplied by European drone manufacturers, Canaccord highlights.

Drones are now estimated to account for 70%-80% of battlefield casualties in the Russia-Ukraine war

More info:

Only back in May, Electro Optic completed the acquisition of Marss Group, following a $150m placement to institutional investors and $40m strategic investment from Calidus LLC and another unnamed investor.

At the time, Bell Potter highlighted stronger-than-expected traction from the AI-enabled Command and Control (C2) platform NiDAR.

Marss had just secured EUR102m in follow-on contracts from an existing Middle Eastern customer for a nationwide counter-drone detection and mitigation network.

Marss prevailed against two competing prime contractors, a result the broker viewed as validation of NiDAR's capabilities and competitive positioning.

Now, following the June 15 business update, management expects FY26 revenue of between $240m-$270m, which, when combined with Canaccord's forecast $34m contribution from Marss, implies group revenue of approximately $274m-$304m.

This revenue range compares with the broker's prior forecast of $262m and consensus expectations of $243m, implying potential upgrades of 5% and 16%, respectively.

Management's guidance assumes no contribution from future contract wins, leaving scope for further upgrades should Electro Optic maintain its recent order momentum through the second half of FY26.

The company reaffirmed a combined Electro Optic and Marss order backlog of $726m, comprising $509m for Electro and $217m for Marss, with 60%-80% expected to convert into revenue across FY26 and FY27.

Cannacord explains management’s growth strategy centres on four key divisions:

- NiDAR, where the opportunity pipeline is expanding rapidly;
- Remote Weapon Systems, supported by major opportunities in the US and Germany;
- High Energy Laser Weapons, with growing prospects across Europe, the Middle East and the US; and
- Space Control, where the Atlas mobile surveillance platform could enter commercialisation in FY27.

Management sees strong growth potential across all four businesses.

Turning to Elsight, here Canaccord describes the provision of a communications "backbone" that keeps drones and autonomous systems connected when reliable connectivity is critical.

Elsight provides advanced communications technology for unmanned aerial, ground and maritime systems through its flagship Halo platform.

Halo aggregates all available connectivity channels into a single secure and resilient network for beyond visual line of sight (BVLOS) command and control, video streaming and telemetry.

Drones are now estimated to account for 70%-80% of battlefield casualties in the Russia-Ukraine war.

Canaccord also points to Iran's deployment of more than 2,000 Shahed drones against US forces and allied assets during Operation Epic Fury in early 2026, an event that exposed significant gaps in Western counter-drone capabilities and accelerated procurement programs across NATO.

The company typically generates initial hardware sales, which act as a gateway to higher-margin recurring subscription revenue.

The analysts’ investment case is supported not only by attractive gross margins of around 75%, but also a capital-light operating structure and robust free cash flow (FCF) generation. The broker is forecasting US$17m FCF for FY26.

At the time of Elsight's March quarter result in April, Bell Potter compared valuation multiples across ASX-listed and global companies exposed to the drone and counter-uncrewed aerial systems (C-UAS) thematic.

While trading on above-average EV/sales multiples at the time, the broker highlighted the company is one of few profitable emerging UAS companies listed globally.

Bell Potter identified US-listed Unusual Machines (ticker: UMAC) as a close comparable, given both companies provide "pick-and-shovel" technologies to the sector.

Elsight's edge is in gross margins, well above the 30%-40% margins generated by Unusual Machines' drone motor business, supporting a superior return on invested capital ROIC) metric.

Among daily covered brokers, Ord Minnett and Bell Potter have Buy ratings with respective targets of $11.00 and $10.60, with the former broker describing any investment as Speculative.

Outside daily coverage, Canaccord Genuity is Buy-rated with a $14.00 target, which compares to the $8.62 share price in afternoon trade on July 17.

Cannacord initiates coverage on Elsight with a Buy rating and $10.90 target.

Daily covered Bell Potter also has a Buy on Elsight with an $8.10 target versus the current $7.74 share price.

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.

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 12-06-26

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 June 8 to Friday June 12, 2026
Total Upgrades: 3
Total Downgrades: 6
Net Ratings Breakdown: Buy 66.20%; Hold 27.17%; Sell 6.63%

For the shortened week ending Friday, June 12, 2026, FNArena recorded three upgrades and six downgrades in ratings for individual ASX-listed stocks from seven brokers monitored daily.

Online property advertiser and owner of realestate.com.au REA Group received two rating downgrades by separate brokers.

UBS highlighted the possibility of the Australian housing market weakening “materially” due to the lagged effect of interest rate hikes, as well as the Budget measures.

As explained further in https://fnarena.com/index.php/2026/06/10/treasure-chest-rea-group-2/, Bell Potter sees average dwelling prices as a more important leading indicator for residential revenue, which contributes around 70% of REA’s group revenue.

Although management has some scope to manage operating costs, Bell Potter suggests falling average dwelling prices will have a negative impact on volumes and most probably group EPS.

Bell Potter is the only one to set a new price target (marginally) below the current share price.

Declines in average target prices (valuations) outweigh increases in the tables below, while falls in average earnings forecasts are of a greater magnitude than positive adjustments.

Specialty chemicals company Alpha HPA’s target fell by -23%, as Ord Minnett initiated coverage with a lower target than Macquarie and Bell Potter.

Ord Minnett highlighted the company's proprietary solvent extraction technology, which is expected to deliver high-purity alumina (HPA) at low operating costs and with a lower carbon footprint than incumbent producers'.

HPA is a chemical used for high tech applications including lithium-ion batteries and semiconductors.

A 10ktpa plant in Gladstone to produce HPA, currently under construction by Alpha HPA, is scheduled for completion in late 2027.

Resuming coverage last week, Macquarie pointed to “a compelling opportunity for long-term investors with exposure to the rapidly scaling AI theme and prospect for healthy returns”.

This broker highlighted Alpha's product is entering the market at an opportune time, with high-purity alumina emerging as the preferred ceramic for chip packaging substrates due to its superior thermal performance, offering up to 30 times the conductivity of incumbent silica.

Peter Warren Automotive and Lendlease Group suffered declines in consensus targets of -17% and -10%, respectively.

Ord Minnett lowered its target for Peter Warren by -80c to $1.20 after management delivered a weaker-than-expected trading update on June 1.

This disappointment reflected a sharp shift in consumer demand driven by higher fuel prices, rising interest rates and ongoing cost-of-living pressures, explained the broker.

Customers are increasingly favouring smaller, more fuel-efficient vehicles, reducing sales of higher-margin models.

Rapid changes in buying patterns were also noted (disrupting vehicle availability and delivery schedules), creating additional earnings headwinds.

Lendlease announced a rise in its FY26 underlying gearing ratio, prompting Ord Minnett to lift its forecast by 10.3 percentage points to 35.7%.

This broker’s funds from operations forecasts were lowered by -75.9% for FY27 and by -8.5% for FY28.

More positively, Citi points out the company has secured $4.7bn of development project wins and $6.5bn of construction contract wins in FY26 year-to-date, supporting future earnings and backlog growth.

Both Lendlease and Peter Warren also appear second and third for negative change to earnings forecasts, behind Synlait Milk’s -73% downgrade.

Synlait’s June 9 trading update revealed a net loss of -NZ$12m for January to April 2026. Bell Potter adds that loss includes an estimated profit from the sale of the company’s North Island site for NZ$21m.

While this broker lowered its FY26 earnings forecast by -57%, investors are reminded the numbers involved are small.

Bell Potter's price target fell to 38.5c from 42c and the Hold rating was left unchanged.

On the flipside, Sims, one of the world’s largest metal recycling and circular economy companies, heads up the week's table for positive change to targets with a 9% rise after Macquarie raised its target to $31.90 from $22.30. The company’s average earnings forecast increased by 10%.

The earnings contribution from the IT asset recovery and re-sale business Sims Lifecycle Services (SLS) should remain resilient, according to Macquarie, with growth in services and geographic expansion.

Macquarie forecasts higher-for-longer memory prices for Double Data Rate 4 (DDR4), the fourth-generation DRAM memory standard used in computers, servers and data centres.

The broker also remains positive on the outlook for the Metals division, citing favourable conditions across both ferrous and non-ferrous markets.

Contractor SRG Global received a 9% boost to its average target price last week after Morgans raised its target by $1.00 to $4.20.

The broker was reacting to upgraded FY26 guidance on June 2 and the issuance of new FY27 guidance after management secured $1.85bn of contracts with blue chip clients across a diverse range of sectors.

Management noted “the company is exceptionally well positioned to continue to deliver long-term sustainable growth”.

After leading the table the previous week for the largest increase in average target price, network-as-a-service and infrastructure-as-a-service provider Megaport tops this week's list for earnings upgrades, with average forecasts rising 35%.

Morgans increased its FY27 and FY28 earnings forecasts for Megaport by 88% and 218%, respectively, and raised its target to $21.00 from $15.50.

These changes follow management’s expansion into AI infrastructure from network connectivity, supported by

recent contract wins and an $809m capital raising.

Morgans highlights Megaport's growing exposure to AI inference, with its communications network and data centre footprint providing a competitive advantage in delivering integrated connectivity, CPU and GPU services.

Customers typically spend substantially more on compute than connectivity solutions, Morgans noted.

The broker downgraded its rating to Accumulate from Buy following an around 90% share price rally in the last month.

Both Megaport and SRG Global featured in last week's Rudi's View article, highlighting strategic operational shifts aimed at increasing exposure to strong demand generated by the data centre supercycle.

For more details see
https://fnarena.com/index.php/2026/06/10/rudis-view-market-momentum-investor-dilemmas/

Management at SRG recently highlighted data centres alongside water, energy, resources, defence, transport and ports as key growth sectors. Specifically for data centres, the company has won business connected to NextDC via the Malaga data centre in Perth.

Speaking of AI-related exposures, FNArena also published a story on how management at Wesfarmers intends to raise productivity via utilising AI tools at
https://fnarena.com/index.php/2026/06/12/ai-helps-accelerate-wesfarmers-ambitions/.

Wesfarmers appears in both the positive change to average target and forecasts tables below.

Total Buy ratings remain historically elevated at 66.37%, with Sell ratings at just 6.59%, leaving 27.05% on Neutral/Hold.

Upgrade

BRAZILIAN RARE EARTHS LIMITED ((BRE)) Upgrade to Speculative Buy from Hold by Ord Minnett .B/H/S: 1/0/0

Brazilian Rare Earths reported encouraging exploration results from the Velhinhas prospect, according to Ord Minnett.

Drilling, geophysics and rock-chip sampling have outlined a rare earth corridor extending more than 9km south of the Monte Alto project.

The results reinforce the potential for a district-scale rare earth system and provide longer-term growth opportunities beyond the company's core Monte Alto deposit, the broker believes.

Commentary also notes Velhinhas could benefit from shared infrastructure and lower development costs due to its proximity to Monte Alto.

Ord Minnett upgrades its rating to Speculative Buy from Hold and retains a $6.95 target.

IDP EDUCATION LIMITED ((IEL)) Upgrade to Buy from Hold by Morgans .B/H/S: 2/1/1

IDP Education faces ongoing pressure from weaker student visa volumes and lower grant rates across Australia, Canada and the UK, Morgans notes, reflecting tighter immigration policies in key markets.

Despite the challenging backdrop, the analyst points to rapid expansion of IELTS testing centres in China and progress on a -$25m cost reduction program. Ongoing pricing power across both testing and student placement services is also noted.

The broker also sees longer-term support from technology initiatives and structural demand for international education.

While FY26 and FY27 earnings forecasts have been reduced, Morgans views the current downturn as cyclical rather than structural.

Target reduced to $3.15 from $6.30 on materially lower earnings forecasts and a change in valuation method. Rating upgraded to Buy from Hold.

VYSARN LIMITED ((VYS)) Upgrade to Buy from Speculative Buy by Morgans .B/H/S: 1/0/0

In a deal expected to be around 25% earnings-per-share accretive, Vysarn will acquire irrigation and water infrastructure specialist NewGround. Morgans highlights this move will improve earnings quality and reduce exposure to mining cycles.

NewGround provides design, construction and maintenance services for industrial-scale irrigation and water management systems.

It's felt the acquisition strengthens the company's strategy of building an integrated water services platform, adds a defensive, recurring revenue stream, and broadens Vysarn's customer base.

Morgans increases its FY27 and FY28 earnings forecasts by 19% and 24%, respectively. The target is raised to $1.10 from $0.90 and the rating is upgraded to Buy from Speculative Buy

Downgrade

MEGAPORT LIMITED ((MP1)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 5/1/0

Megaport's expansion into AI infrastructure from network connectivity has driven a sharp improvement in Morgans' earnings expectations, supported by recent contract wins and an $809m capital raising.

The broker highlights the company's growing exposure to AI inference, noting its communications network and data centre footprint provide a competitive advantage in delivering integrated connectivity, CPU and GPU solutions.

Megaport has materially expanded its addressable market, with customers typically spending significantly more on compute services than connectivity, the analyst explains.

Following recent major contract wins, Morgans increased its FY27 and FY28 earnings forecasts by 88% and 218%, respectively.

The target is raised to $21.00 from $15.50 and the rating downgraded to Accumulate from Buy.

REA GROUP LIMITED ((REA)) Downgrade to Sell from Buy by Bell Potter and Downgrade to Neutral from Buy by UBS.B/H/S: 4/2/1

Bell Potter has downgraded REA Group to Sell from Buy with a lower target price of $137 from $217 after adjusting for an expected decline in national house prices following rate hikes and the Australian budget.

Historically, over FY19 and FY23, when dwelling prices fell, REA experienced notable declines in listings of -8% and -12%, respectively.

On those occasions, residential segment revenue and group EPS fell -9% and -8%, respectively, on a half-yearly basis, the analyst states.

Updated modeling now incorporates a -10% decline in listings for FY27, compared to -2% previously, partially offset by the group's ability to protect its margin.

EPS forecasts are lowered by -1% for FY26, -14% for FY27, and -13% for FY28.

UBS is the second broker to flag rising risks to REA Group's near-term volumes due to the recent property tax changes. The analyst now forecasts a decline in volumes of around -10%, cumulatively, for FY27-FY28.

This equates to the tightening cycle experienced in FY18-FY19. Notably, volumes have slipped by a CAGR of -1.5% "structurally", UBS states, since FY13, while the only substantial house price fall occurred in FY18-FY19 during a macroprudential tightening cycle, the Banking Royal Commission.

UBS now expects house prices to fall by around -3% to -5% in the next year and reduces volume growth to -8% from flat.

REA Group is downgraded to Neutral from Buy, with a lower target of $165 from $213. EPS estimates are cut by -8% for FY27 and -11% for FY28.

STEADFAST GROUP LIMITED ((SDF)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 4/1/0

Steadfast Group has received a takeover bid from a consortium led by American insurers distributor Amwins. The bid, at $6 a share, is around a 50% premium to recent trading levels and the board intends to recommend accepting the offer subject to no superior bid emerging.

The transaction, to be implemented by a scheme of arrangement, provides eight weeks of due diligence with a potential extension to August 20. This follows previous bids from the consortium that were rejected.

The broker points out, without the current bid, the chances of realising value for the company at $6 a share in the near future appear remote. Rating is reduced to Hold from Buy and the target raised to $6.00 from $5.55.

TECHNOLOGY ONE LIMITED ((TNE)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 4/2/0

Bell Potter downgrades TechnologyOne to Hold from Buy, with no change to earnings forecasts and a higher target price of $34.25 from $32.25. The stock is considered to offer "reasonable" value at 66x FY26 PE and 55x FY27 PE.

The company is viewed as one of the best SaaS businesses on the ASX, but at current pricing its valuation is almost double that of WiseTech Global ((WTC)).

The analyst also highlights an absence of near-term catalysts to drive the share price higher, with no change to FY26 guidance expected.

The next catalyst may come at the FY26 result in November, when TechnologyOne may exceed its ARR guidance.

WESFARMERS LIMITED ((WES)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 1/4/1

After attending Wesfarmers investor day, Macquarie highlights an increasing focus on digital initiatives. These include artificial intelligence, omni-channel capabilities, loyalty integration and retail media, to drive customer engagement and growth.

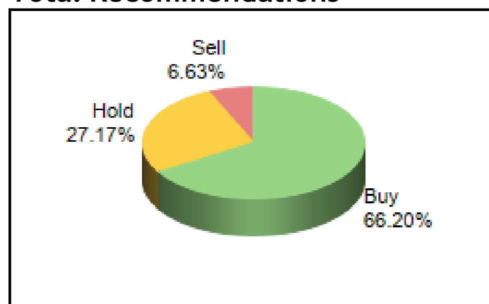
The broker sees retail media as a particularly attractive opportunity for Bunnings, leveraging its large customer base and high foot traffic.

Growth across Bunnings, Kmart and Officeworks is expected via category expansion and improved space productivity.

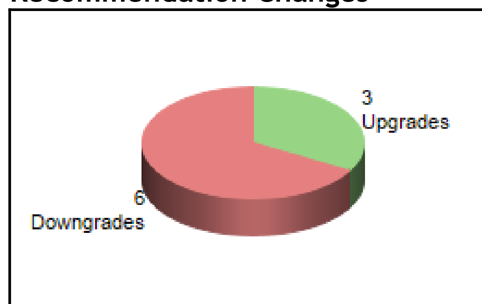
Commentary notes Health and Lithium are also entering a phase of stronger earnings contribution.

Macquarie raises its target to $85.00 from $84.00 but downgrades to Neutral from Outperform, citing limited valuation support and a lack of near-term earnings catalysts.

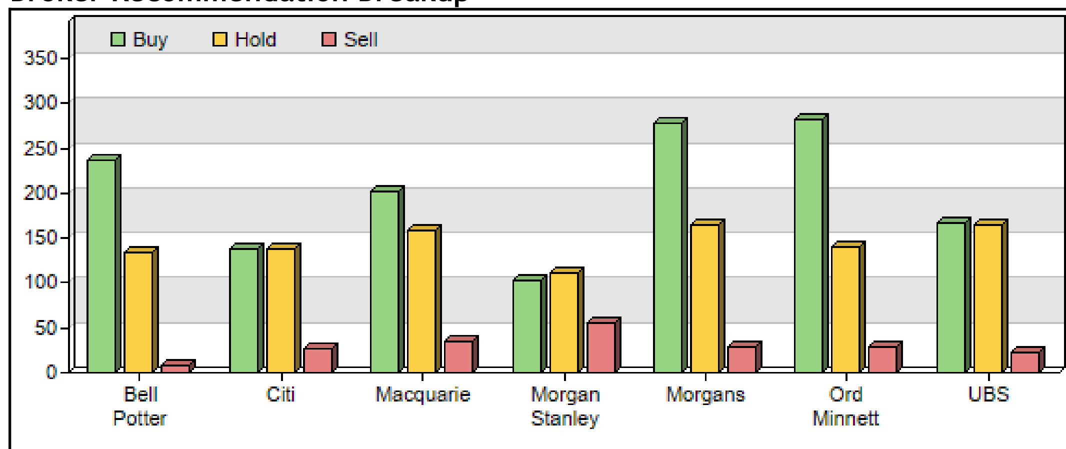
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BRAZILIAN RARE EARTHS LIMITED	Buy	Neutral	Ord Minnett
2	IDP EDUCATION LIMITED	Buy	N/A	Morgans
3	VYSARN LIMITED	Buy	Buy	Morgans
Downgrade				
4	MEGAPORT LIMITED	Buy	Buy	Morgans

5	REA GROUP LIMITED	Neutral	Buy	UBS
6	REA GROUP LIMITED	Sell	Buy	Bell Potter
7	STEADFAST GROUP LIMITED	Neutral	Buy	Ord Minnett
8	TECHNOLOGY ONE LIMITED	Neutral	Buy	Bell Potter
9	WESFARMERS LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SGM	SIMS LIMITED	26.475	24.200	9.40%	4
2	SRG	SRG GLOBAL LIMITED	3.883	3.550	9.38%	3
3	MP1	MEGAPORT LIMITED	20.350	19.433	4.72%	6
4	NWH	NRW HOLDINGS LIMITED	7.113	6.875	3.46%	4
5	BHP	BHP GROUP LIMITED	59.233	57.400	3.19%	6
6	CNI	CENTURIA CAPITAL GROUP	2.034	1.974	3.04%	5
7	WES	WESFARMERS LIMITED	78.800	77.300	1.94%	6
8	S32	SOUTH32 LIMITED	5.058	4.975	1.67%	6
9	SDF	STEADFAST GROUP LIMITED	5.678	5.588	1.61%	5
10	RIO	RIO TINTO LIMITED	177.917	175.250	1.52%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	A4N	ALPHA HPA LIMITED	1.150	1.500	-23.33%	3
2	PWR	PETER WARREN AUTOMOTIVE HOLDINGS LIMITED	1.343	1.610	-16.58%	3
3	LLC	LENDLEASE GROUP	3.898	4.348	-10.35%	4
4	REA	REA GROUP LIMITED	192.450	213.550	-9.88%	7
5	PFP	PROPEL FUNERAL PARTNERS LIMITED	5.100	5.500	-7.27%	3
6	SM1	SYNLAIT MILK LIMITED	0.390	0.420	-7.14%	3
7	IEL	IDP EDUCATION LIMITED	4.038	4.333	-6.81%	4
8	MVF	MONASH IVF GROUP LIMITED	0.807	0.840	-3.93%	3
9	GQG	GQG PARTNERS INC	1.868	1.924	-2.91%	5
10	JIN	JUMBO INTERACTIVE LIMITED	11.640	11.960	-2.68%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	MP1	MEGAPORT LIMITED	-1.850	-2.850	35.09%	6
2	SGM	SIMS LIMITED	115.200	104.567	10.17%	4
3	SDF	STEADFAST GROUP LIMITED	31.300	29.833	4.92%	5
4	360	LIFE360 INC	71.803	70.197	2.29%	6
5	VEA	VIVA ENERGY GROUP LIMITED	32.300	31.667	2.00%	4
6	SRG	SRG GLOBAL LIMITED	13.000	12.850	1.17%	3
7	WES	WESFARMERS LIMITED	251.220	250.420	0.32%	6
8	SUL	SUPER RETAIL GROUP LIMITED	90.175	89.975	0.22%	6
9	SKO	SERKO LIMITED	-6.908	-6.922	0.20%	4
10	NXG	NEXGEN ENERGY LIMITED	-13.048	-13.070	0.17%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	SM1	SYNLAIT MILK LIMITED	-7.515	-4.344	-73.00%	3
2	LLC	LENDLEASE GROUP	-29.850	-20.700	-44.20%	4
3	PWR	PETER WARREN AUTOMOTIVE HOLDINGS LIMITED	6.700	9.133	-26.64%	3
4	MVF	MONASH IVF GROUP LIMITED	4.900	5.100	-3.92%	3
5	PFP	PROPEL FUNERAL PARTNERS LIMITED	15.567	16.200	-3.91%	3
6	GQG	GQG PARTNERS INC	22.284	22.684	-1.76%	5
7	APE	EAGERS AUTOMOTIVE LIMITED	110.017	111.767	-1.57%	6
8	A4N	ALPHA HPA LIMITED	-4.850	-4.800	-1.04%	3

9	CNI	CENTURIA CAPITAL GROUP	13.725	13.800	-0.54%	5
10	WTC	WISETECH GLOBAL LIMITED	109.658	110.001	-0.31%	7

Technical limitations

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WEEKLY REPORTS

Uranium Week: Bannerman's Etango In Focus

Volatility in the U308 spot market reflects macro geo-political headwinds with the longer term price outlook positive and supportive of Bannerman Energy's Etango project.

- **UBS initiates coverage on Bannerman Energy with an upbeat view on Etango**
- **Thus far, the market remains sceptical**
- **U308 demand and supply dynamics support a US$100/lb price**
- **Short interests lever up on Lotus Resources**

By Danielle Ecuyer

US$100 the incentive

Last week, FNArena highlighted Citi had reiterated its "tactical" bullish view on uranium, with an expectation U308 spot prices will trade above US$100/lb over the next three months.

Higher prices are expected to be supported by positive tailwinds from both demand and supply-side dynamics.

For more see, https://fnarena.com/index.php/2026/06/09/uranium-week-spot-above-us100-lb-soon/

This week, UBS, whose inhouse forecast is for U308 at US$100/lb long-term, initiated coverage on **Bannerman Energy** ((BMN)), whose Etango project should benefit from uranium's long-term outlook.

UBS believes a US$100/lb price is the incentive pricing required to bring greenfield projects onstream.

The medium to long-term outlook is seen as positive, with supply deficits growing into the 2030s and beyond. Near term, the broker acknowledges macro headwinds (energy and input price pressures) are creating volatility in the spot price, which is trading around US$85/lb-US$86/lb.

The mid to long-term price indicators, which are indicative of longer-dated contracts, are continuing to move higher, approaching around US$90/lb-US$95/lb.

This infers the market is already indicating the need for higher prices to alleviate the medium-term supply deficit, UBS explains.

Demand is being driven by the US nuclear resurgence, while China remains a major growth market, with nuclear energy capacity of around 110GW targeted by 2030.

Demand is also being boosted by restarts in Japan and Taiwan amid growing global energy security concerns.

Recent deals between Cameco and India, as well as Bannerman and CNNC (China National Nuclear Corporation), one of China's largest state-owned nuclear operators, exemplify rising competition for uncommitted U308.

Bannerman's Etango project is located in Namibia's Erongo uranium province and is fully permitted.

The recent CNNC agreement has underpinned funding for Etango. UBS assumes capex of US$459m, 30% above management's guidance.

CNNC Overseas Limited (CNOL), a subsidiary of China National Nuclear Corporation, will invest up to US$321.5m to acquire a 45% interest in the project holding company, leaving Bannerman with a 55% stake.

The arrangement significantly reduces funding risk for Etango by providing a substantial portion of the capital required for development without relying heavily on debt financing.

As part of the agreement, CNOL will have the right to purchase 60% of Etango's uranium production over the

life of the mine under market-based pricing mechanisms, while Bannerman will retain marketing rights to the remaining 40%.

The partnership also introduces a strategic industry participant with extensive uranium mining and nuclear fuel cycle experience, strengthening confidence in the project's path towards a final investment decision and eventual production.

The deal is viewed as a positive for Bannerman, providing both financial backing and a long-term customer, while preserving meaningful exposure to future uranium price upside.

Etango options

UBS is keen to emphasise the resource base of Etango has scope to be expanded under the 2024 Scoping Study.

The market is currently focused on the Etango-8 project, which is designed to process 8Mtpa of ore and is expected to produce around 3.5Mlbs of U308 annually over an initial 15-year mine life.

Total production under this scenario is approximately 52.6Mlbs of U308.

Beyond the base case, UBS notes Bannerman has identified two growth options that could unlock additional value from the project's large resource base.

Etango-XT is the mine-life extension option. Rather than increasing plant size, it maintains throughput at 8Mtpa and incorporates additional resources into the mine plan.

This extends mine life from 15 years to 27 years while increasing total uranium production to around 95Mlbs.

Annual production remains broadly unchanged at around 3.5Mlbs per year, but the project benefits from a significantly longer operating life without requiring major additional capital investment.

Etango-XP is the expansion option and involves doubling plant throughput from 8Mtpa to 16Mtpa. This increases average annual production to around 6Mlbs to 7Mlbs of U308 and lifts total production to approximately 95Mlbs.

While this option offers the greatest economic upside and would transform Etango into a globally significant uranium producer, it also requires substantial expansion capital investment and carries higher execution risk.

The key difference between the two alternatives is that Etango-XT prioritises longevity by extending mine life, while Etango-XP prioritises scale by increasing annual production.

UBS currently favours the extension case as a more conservative pathway, while recognising the expansion case offers the greatest upside if uranium prices remain strong.

The current share price is seen discounting a U308 price of US$83/lb into perpetuity against a spot price of US$85/lb and the broker's long-term forecast of US$100/lb.

Current levels imply the market is pricing in Etango-XT rather than Etango-8 or Etango-XP.

UBS suggests the relative underperformance of the share price reflects perceived uncertainty around the CNOL JV and some discount for costs and capex compared with peers such as NexGen Energy ((NXG)) and Deep Yellow ((DYL)), which are less advanced in terms of project development.

UBS rates Bannerman Buy with a $5.15 target price. Other daily monitored brokers, Macquarie and Ord Minnett, have a Buy-equivalent rating ($5.55 target price) and a Hold rating ($4.05 target), respectively.

Canaccord Genuity is Speculative Buy rated with a $5.80 target, while Shaw and Partners is Buy, High Risk rated with a $6.50 target.

Buffeted by market volatility

As observed by industry consultant TradeTech, the U308 spot market has become increasingly intertwined with volatility in global financial markets, as macro factors have weighed on the energy and commodity complexes.

A similar trend was highlighted by UBS, referring to geopolitical headwinds around the cost of energy and inputs to the nuclear fuel industry. Higher energy and sulphuric acid costs impact both producers and developers.

Five transactions in the spot market were conducted last week, with the U308 spot price trading in a range between US$84.75/lb and US$85.50/lb and finishing the week down -US$0.50/lb at US$85.50/lb, TradeTech reports.

Notably, the recent trend of spot price variance between geographic locations did not transpire in the past week.

The industry consultant points to transactions last Monday and Tuesday at US$85/lb for delivery at Orano's facility in France.

On Thursday, two deals were conducted at ConverDyn's Metropolis conversion plant in the US at US$84.75/lb.

This contrasts with recent transactions for delivery at ConverDyn, which have been achieved at higher prices than material located at Orano's facility or Cameco's Port Hope facility in Canada.

One transaction took place on Friday at US$85.50/lb for delivery at ConverDyn.

Over the last week, the U308 spot price slipped -0.6% but is still higher by 4.3% year-to-date and up 23.9% from the same period last year.

No transactions in the long-term market or additional demand were recorded, although a few utilities are considering outstanding offers and others are looking to enter the market in 3Q or 4Q2026.

TradeTech's Mid-term Price Indicator came in at US$87/lb and the Long-term Price Indicator at US$95/lb.

On top of the shorts

Up until June 9, the most recent ASIC data show Lotus Resources ((LOT)) remains the second most shorted stock on the ASX at 22.56%, up 1.63% over the week.

Boss Energy ((BOE)) is in fifth position at 14.72%, up from 14.38% in the prior week. Paladin Energy ((PDN)) is in eleventh position at 11.06%, up 0.41%.

In terms of major share price moves last week, CommSec noted among the ASX200's best and worst performers, NexGen was down -13.7% and Silex Systems ((SLX)) shares fell -15.4%.

For more reading on U308 see FNArena's weekly updates:

https://fnarena.com/index.php/2026/06/02/uranium-week-u308-spot-price-slips-in-may/

https://fnarena.com/index.php/2026/05/26/uranium-week-structural-bull-cycle-intact/

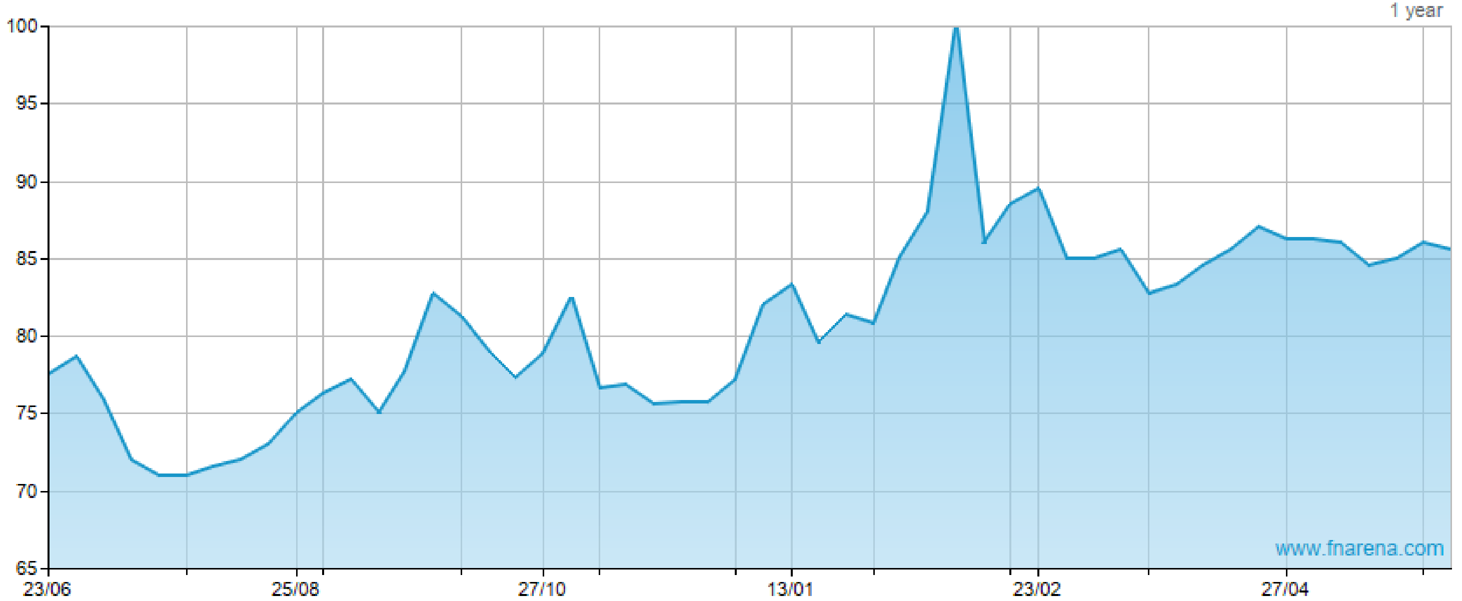
https://fnarena.com/index.php/2026/05/19/uranium-week-paladin-trips-over-higher-costs/

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

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	12/06/2026	0.0500	0.00%	$0.16	$0.05			
AEE	12/06/2026	0.1100	▼- 8.33%	$0.28	$0.10			
AEU	12/06/2026	0.3800	▼-15.00%	$0.75	$0.22			
AGE	12/06/2026	0.0400	▲ 2.78%	$0.06	$0.02		$0.070	▲75.0%
AKN	12/06/2026	0.0200	▼- 8.33%	$0.03	$0.01			
ASN	12/06/2026	0.0500	0.00%	$0.13	$0.04			
BKY	12/06/2026	0.4800	0.00%	$0.70	$0.37			
BMN	12/06/2026	3.4500	▼-13.74%	$5.25	$2.23		$4.917	▲42.5%
BOE	12/06/2026	1.2300	▼-12.16%	$4.75	$1.07	17.4	$1.571	▲27.8%
BSN	12/06/2026	0.0400	▲ 6.06%	$0.08	$0.01			
C29	12/06/2026	0.0300	▼- 3.70%	$0.04	$0.01			

CXO	12/06/2026	0.3000	▲ 3.70%	$0.39	$0.08		$0.300	
CXU	12/06/2026	0.0600	▲ 1.75%	$0.07	$0.01			
DEV	12/06/2026	0.2200	▲ 7.89%	$0.28	$0.07			
DYL	12/06/2026	1.5500	▼-10.16%	$2.97	$1.30	-55.7	$2.202	▲42.1%
EL8	12/06/2026	0.2500	▼- 5.77%	$0.50	$0.22			
HAR	12/06/2026	0.1300	▼-11.54%	$0.25	$0.05			
I88	12/06/2026	0.1300	▲ 8.00%	$0.76	$0.08			
KOB	12/06/2026	0.0300	▼- 8.82%	$0.09	$0.03			
LAM	12/06/2026	0.6700	0.00%	$0.93	$0.56			
LOT	12/06/2026	0.5700	▼-11.86%	$3.20	$0.49		$2.000	▲250.9%
MEU	12/06/2026	0.1000	▼- 9.38%	$0.19	$0.04			
NXG	12/06/2026	14.2300	▼-13.68%	$20.47	$9.66	-109.7	$20.367	▲43.1%
ORP	12/06/2026	0.0700	▼- 2.78%	$0.08	$0.02			
PDN	12/06/2026	10.4700	▼-12.13%	$15.10	$6.03	-206.3	$13.193	▲26.0%
PEN	12/06/2026	0.4100	▲ 8.11%	$1.08	$0.28			
SLX	12/06/2026	5.5700	▼-15.40%	$10.85	$3.45			
TOE	12/06/2026	0.5000	▼-18.42%	$0.63	$0.17			
WCN	12/06/2026	0.0200	▲20.00%	$0.03	$0.01			



wp market price history u3o8

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WEEKLY REPORTS

The Short Report - 18 Jun 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 June 11th, 2026 (most recent data available through ASIC).

10%+

ATBHQ	Asian Development Bank 2029 note 4.35%	100.00%
LOT	Lotus Resources	22.82%
BOE	Boss Energy	14.97%
DMP	Domino's Pizza Enterprises	14.66%
TLX	Telix Pharmaceuticals	14.65%
GYG	Guzman y Gomez	12.58%
TWE	Treasury Wine Estates	12.49%
DRO	DroneShield	12.01%
CAR	CAR Group	12.00%
FLT	Flight Centre Travel	11.46%
4DX	4DMedical	11.36%
ZIP	Zip Co	11.11%
PDN	Paladin Energy	10.99%
EDV	Endeavour Group	10.40%
IPH	IPH Ltd	10.29%
PLS	PLS Group	10.27%
ORE	Orezone Gold Corp CDI	10.23%
MOON	Global X Space Tech ETF Exchange Traded Fund	10.10%
BAP	Bapcor	10.00%

In: IPH, ORE, MOON, BAP
Out: LYC

9.0-9.9%

LYC	Lynas Rare Earths	9.97%
BPT	Beach Energy	9.69%
HLS	Healius	9.59%
CUV	Clinuvel Pharmaceuticals	9.37%
GDG	Generation Development	9.23%
RIO	Rio Tinto	9.00%

In: LYC, RIO
Out: BAP, ELD, IPH

8.0-8.9%

ELD	Elders	8.97%
MSB	Mesoblast	8.87%
IPX	IperionX	8.62%
BRG	Breville Group	8.62%
ACL	Australian Clinical Labs	8.24%
TPW	Temple & Webster	8.21%
CTD	Corporate Travel Management	8.10%
SLX	Silex Systems	8.09%
PNV	PolyNovo	8.02%

In: ELD
Out: RIO, NXT

7.0-7.9%

ING	Inghams Group	7.92%
NXT	NextDC	7.67%
PWH	PWR Holdings	7.58%
NAN	Nanosonics	7.58%
LIC	Lifestyle Communities	7.50%
WTC	WiseTech Global	7.41%
CU6	Clarity Pharmaceuticals	7.39%
HMC	HMC Capital	7.31%

In: NXT
Out: BMN, ILU, SDR

6.0-6.9%

ILU	Iluka Resources	6.92%
BMN	Bannerman Energy	6.78%
SDR	SiteMinder	6.52%
NEU	Neuren Pharmaceuticals	6.42%
WEB	Web Travel	6.31%
DYL	Deep Yellow	6.20%
SHL	Sonic Healthcare	6.13%
AUB	AUB Group	6.07%

In: ILU, BMN, SDR, DYL, AUB
Out: DGT, GMD, RHC

5.0-5.9%

GMD	Genesis Minerals	5.95%
DGT	DigiCo Infrastructure REIT	5.90%
RHC	Ramsay Health Care	5.87%
VUL	Vulcan Energy Resources	5.86%
TYR	Tyro Payments	5.79%
JIN	Jumbo Interactive	5.76%

MP1	Megaport	5.60%
COH	Cochlear	5.54%
MMS	McMillan Shakespeare	5.33%
A4N	Alpha HPA	5.24%
LLC	Lendlease Group	5.18%
FFM	FireFly Metals	5.09%
TLC	Lottery Corp	5.07%
PXA	Pexa Group	5.06%
NHC	New Hope	5.01%

In: GMD, DGT, RHC, COH, TLC, NHC
Out: DYL, AUB, CAT, GEM

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NAB	1.6	1.7
ANZ	0.8	0.8	NST	1.1	1.1
BHP	1.4	1.4	QBE	1.1	0.9
BXB	0.3	0.3	RIO	9.0	8.8
CBA	2.0	2.1	TCL	1.7	1.8
COL	1.4	1.1	TLS	1.0	1.0
CSL	0.8	0.7	WBC	1.6	1.7
FMG	2.0	2.1	WDS	2.8	2.7
GMG	2.1	2.2	WES	1.3	1.3
MQG	0.4	0.5	WOW	2.4	2.3

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.

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WEEKLY REPORTS

In Brief: Sims, EchoIQ & CleanSpace

This weeks In Brief captures companies benefitting from the AI data centre buildout and commodities cycle, with EchoIQ leading an AI platform for under-diagnosed cardiovascular disease.

- **Sims goes from strength to strength with another guidance upgrade**
- **EchoIQ positioned to grow its platform to combat the leading cause of death globally**
- **CleanSpace embraces facial hair to grow market share**

By Danielle Ecuyer

This week's quote comes from James Cook, Investment Director for Emerging Markets at Federated Hermes:

"AI is clearly reshaping parts of the earnings landscape in Asia, but the market response has been uneven.

"Capital has been drawn into a concentrated subset of companies, reinforcing both performance and benchmark concentration.

"The result is a growing divergence between crowded growth and more overlooked areas where expectations remain subdued."

Sims rides the tailwinds of a mega trend

The Australian economic cycle is not generally favouring a swathe of Australian companies, ex those exposed to the mega trends of AI-related infrastructure and defence spending.

At FNArena we have been writing about the numerous earnings guidance and forecast downgrades over the past number of weeks, so when an upgrade surfaces, it’s worth peeking.

Sims ((SGM)) is benefiting from the tailwinds of a positive US backdrop, with the US metals division doing the heavy lifting in terms of this week’s upgrade to guidance.

Management increased FY26 underlying earnings (EBIT) guidance to $420m-$435m, from $350m-$400m in March, a 14% rise at the midpoint and a narrowing of the range to $15m.

Sims Lifecycle Services' (SLS) FY26 earnings are now guided to $170m-$175m, narrowed from $165m-$185m, which represents around 40% of total earnings. This division is responsible for helping large enterprises and hyperscale data centre operators securely decommission, refurbish, resell, redeploy and recycle IT equipment.

The large price rise in DDR4 (DRAM memory modules recovered from decommissioned servers and data centres) and the ongoing build-out of data centres are underpinning powerful tailwinds for SLS, Jarden highlights.

Due to the lumpy nature of the timing of decommissioning works, Sims management points to ongoing variability in earnings streams for the SLS division.

The guidance upgrade was also boosted by better ferrous trading conditions and continued strength in non-ferrous metals.

The recycling operations at Sims are made up of ferrous metals, including scrap steel and iron, which account for the bulk of recycling volumes, and non-ferrous metals, including copper, aluminium, brass, stainless steel and other high-value metals.

The improvement in US domestic steel demand, as well as higher prices for the likes of copper and aluminium, has supported spreads and earnings.

Strength in earnings over the second half is boosting both North American Metals and SA Recycling (SAR), Sims'

joint venture investment, one of the largest scrap metal recyclers in North America.

Jarden notes Sims shares have outperformed the ASX200 by more than 60% year-to-date.

Since December, FY26-FY28 consensus earnings estimates have been upgraded by around 53%, 57% and 48%, respectively, which would account for the share price rise.

The stock trades around a one-year forward PER of 16.6x on the broker's upgraded earnings forecasts, but remains below its 10-year average of circa 19.1x.

With uncertainty around DDR4 prices going forward, Jarden feels the share price is adequately discounting the current earnings outlook.

Sims was downgraded to Hold from Buy with an upgraded target price of $30.50 from $23.

It's hard to remove oneself from the AI thematic, which is likely to become even more pronounced as we move towards the August reporting season.

AI enhances the probability of cardiovascular assessment

Shaw and Partners initiated coverage on **EchoIQ** ((EIQ)), owner of an AI-driven cardiovascular diagnostics platform, EchoSolv, designed to improve the detection and management of serious heart disease from echocardiogram data.

In terms of total addressable market, heart disease remains one of the major causes of death, with around US$250bn spent annually on cardiovascular disease in the US.

As noted by the analyst, this includes some 25m echocardiograms per annum with an inconsistent rate of detection, as well as high under-detection rates, opening the way for improved diagnosis.

Shaw highlights around 50% of heart failure cases are missed or underdiagnosed.

EchoIQ's EchoSolv detects aortic stenosis, one of the most complicated and often missed conditions, with one in five patients missed when not using AI.

It is a condition in which the aortic valve, the valve that controls blood flow from the heart's main pumping chamber into the aorta and the rest of the body, becomes narrowed or stiff.

The service takes measurement data obtained across all echo images and transposes it into a multi-dimensional AI model, the broker explains.

In turn, it offers a probability-based assessment which doesn't rely on the images, just the data.

The EchoSolv platform can be directly embedded into hospital Picture Archiving and Communication Systems (PACS).

The platform has two major modules, EchoSolv AS, which was approved by the FDA in October 2024 for aortic stenosis detection, with reported accuracy of up to around 97%.

The second is EchoSolv HF, which is an "investigational" heart failure module lodged with the FDA in December 2025. Expected clearance is 1H2026.

The analyst emphasises the EchoSolv HF validation results represent a "high-performance" benchmark for heart failure detection.

The MedAI platform is partnered with the Mayo Clinic Platform, with distribution agreements reaching Mayo hospitals and more than 80 external partner hospitals.

EchoIQ also has an exclusive licence to train and commercialise an AI model within what management articulates as "the world's largest longitudinal echo dataset", which assists with model training via NEDA (National Echo Database of Australia and New Zealand).

Shaw and Partners forecasts sales to grow to $26.1m in FY28 from $1.6m in FY26 and expects the company to become EPS positive in FY28.

The stock is rated Buy, High Risk, with a $1.50 target price.

CleanSpace in the slipstream of facial hair

CleanSpace Holdings ((CSX)) is a microcap specialist in designing and manufacturing powered air-purifying respirators (PAPRs).

The PAPR equipment and accessories (consumables) are focused on industrial markets, including mining, oil and gas, chemicals, and fire and emergency services.

Sales are generated across Asia Pacific, Europe, the US and South America.

Research as a Service's (RaaS) latest research update highlights the US, France, the UK, Germany, the Nordics and Australia as key areas of focus. Sales are conducted via third-party distributors, assisted by an internal sales team.

The company has recently received regulatory approval in Europe for its first loose-fitting PAPR unit, referred to as Agile, which is a particulate-only kit.

There are strict regulations around tight-fitting masks, to which 100% of CleanSpace's current product portfolio is dedicated. RaaS explains regulations require clean-shaven faces and a fit test, which in turn has limited some user adoption.

Circa 34% of men in the UK reported having a moustache and beard in 2023, with Agile targeting this segment of the market, as incumbent products were tight fitting and required clean-shaven users.

Agile will be sold as a kit at an expected premium price point and cannot be retrofitted to other models.

Regulatory approval in Australia is expected soon and, given the country's large mining industry, is seen as a significant market opportunity.

RaaS forecasts revenue CAGR between FY27 and FY30 of 17%, with a circa 5% price rise in January, the first increase since 2023, acting as an offset to the strength in the Australian dollar. Notably, most of the kits are priced below competitors' offerings.

Forecast margins stand between 74%-75% over FY27-FY30, with expected growth in operating costs of 4% and employee growth of 50% as the company reinvests for future growth.

RaaS' valuation is unchanged at 90c per share.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 19-06-26

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

Broker Rating Changes (Post Thursday Last Week)

Upgrade

A2 MILK COMPANY LIMITED ((A2M)) Upgrade to Neutral from Underweight by Jarden. B/H/S: 0/0/0

Jarden upgrades a2 Milk Co to Neutral from Underweight and reduces the target to NZ$7.36 from NZ$9.20 to include recent changes from the Ministry of Primary Industries as it relates to infant formula cereulide toxin testing.

The broker takes some comfort, as time has passed, that there are no further issues that need to be notified to the market.

Its desktop channel checks also confirm stock shortages in China Label across many online storefronts, which aligns with supply constraints foreshadowed in the trading update in mid April.

Jarden acknowledges there remain many unanswered questions regarding the investment case, but also finds the reduced cereulide tail risk is now better reflected in the share price de-rating.

On June 15th the broker followed up as follows:

Jarden maintains a Neutral rating for a2 Milk Co with a NZ$7.36 target price following channel checks indicating an emerging restock cycle for its China Label infant milk formula range.

Desktop analysis of popular Taobao storefronts and localised social media monitoring confirm the gradual re-entry of product supply across Mother and Baby Store and general trade channels.

New product batches manufactured after February 2026 feature an additional traceability QR code sticker, allowing consumers to directly verify customs clearance and negative cereulide testing results.

The analyst notes the stabilisation of product availability reduces severe tail risks associated with product recalls or structural supply chain disruptions.

A -20% discount remains embedded within the 12-month discounted cash flow valuation to account for residual uncertainty ahead of opening guidance for FY27 in August.

Downgrade

SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED ((SXE)) Downgrade to Hold from Buy by Shaw and Partners B/H/S: 0/0/0

Shaw and Partners moves its rating to Hold from Buy for Southern Cross Electrical Engineering with its target price increased to $4.70.

The structural adjustments follow a strong trading update for FY27, guiding EBITDA to at least $100m which implies a 33% year-on-year growth trajectory.

Capital restructuring includes a successful institutional placement of $150m in equity at $4.00 per share and a planned $15m share purchase plan to fund expanding project working capital and strategic acquisitions.

The analyst notes strong second-half performance momentum in FY26 and a robust awards pipeline across data centers, infrastructure, and renewable energy segments underpin intermediate expansion.

While industrial tailwinds remain constructive, a high forward price-to-earnings multiple requires careful risk tracking given that lumpy non-recurring streams represent approximately 80% of group revenue, the report points out.

TRANSURBAN GROUP LIMITED ((TCL)) Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden downgrades Transurban Group to Underweight from Neutral as the stock is now trading at a forecast 4.7% FY27 yield, below the Australian government 10-year bond yield at 4.90%.

The broker also highlights the risks to the fourth quarter traffic outlook as a result of geopolitical and macroeconomic uncertainty although acknowledges the update on April volumes was better than expected.

FY26 free cash flow estimates are marginally increased, reflecting FX effects and higher toll prices in the US, which drives a slight increase to the target, to $13.10 from $12.90.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	A2 MILK COMPANY LIMITED	Neutral	Sell	Jarden
Downgrade				
2	SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED	Neutral	Buy	Shaw and Partners
3	TRANSURBAN GROUP LIMITED	Sell	Neutral	Jarden

Price Target Changes (Post Thursday Last Week)

Company	Last Price	Broker	New Target	Old Target	Change
A2M a2 Milk Co	$6.11	Jarden	N/A	9.20	-100.00%
ABB Aussie Broadband	$5.18	Canaccord Genuity	6.87	6.94	-1.01%
ADH Adairs	$1.39	Jarden	1.90	2.30	-17.39%
ANG Austin Engineering	$0.14	Shaw and Partners	0.35	0.40	-12.50%
AUE Aurum Resources	$0.60	Canaccord Genuity	1.80	1.55	16.13%
DVP Develop Global	$7.00	Canaccord Genuity	7.20	7.00	2.86%
IGO IGO Ltd	$8.64	Canaccord Genuity	10.00	10.80	-7.41%
MP1 Megaport	$20.74	Canaccord Genuity	22.50	15.85	41.96%
REH Reece	$15.99	Jarden	16.10	16.40	-1.83%
SDF Steadfast Group	$5.16	Jarden	5.90	5.75	2.61%
SDV SciDev	$0.12	Canaccord Genuity	0.30	0.40	-25.00%
SHL Sonic Healthcare	$19.84	Jarden	22.30	21.90	1.83%
SUL Super Retail	$12.87	Jarden	15.20	14.90	2.01%
SXE Southern Cross Electrical Engineering	$4.61	Moelis	4.70	3.73	26.01%
		Shaw and Partners	4.70	3.50	34.29%
SYL Symal Group	$2.90	Canaccord Genuity	3.70	3.50	5.71%
TCL Transurban Group	$14.92	Jarden	13.10	12.90	1.55%
TTM Titan Minerals	$0.70	Canaccord Genuity	2.10	1.95	7.69%
WES Wesfarmers	$85.78	Jarden	79.30	75.30	5.31%
Company	Last Price	Broker	New Target	Old Target	Change

More Highlights

AUE AURUM RESOURCES LIMITED

Gold & Silver – Overnight Price: $0.56

Canaccord Genuity rates ((AUE)) as Buy (1) –

Canaccord Genuity maintains a Speculative Buy rating on Aurum Resources and increases its target price to $1.80 from $1.55 following the release of a Pre-Feasibility Study for the Boundiali Gold Project in Cote d'Ivoire.

The study outlines an 11-year open-pit operation producing approximately 1.5Moz of gold through a 6Mtpa processing plant, with average annual production of 139koz and nearly 1Moz scheduled during the first five years.

The broker comments the study suggests strong early cash generation and a rapid capital payback.

A maiden Ore Reserve of 42.1Mt at 0.9g/t gold underpins the development plan, while broader mine inventory totals 66.2Mt at 0.82g/t gold for 1.7Moz including Inferred resources, providing scope for future mine-life extensions.

Updated valuation assumptions incorporate 10% higher capital expenditure, 15% higher operating costs and a 60% risking factor. The broker continues to see exploration and resource growth potential across the broader mineralised system.

Canaccord Genuity's valuation is based on a funded development scenario and reflects a preliminary assessment given the current Pre-Feasibility Study level of project definition.

This report was published on June 13, 2026.

Target price is **$1.80** Current Price is **$0.56** Difference: **$1.245**
If **AUE** meets the Canaccord Genuity target it will return approximately **224%** (excluding dividends, fees and charges).

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

DGL DGL GROUP LIMITED

Commercial Services & Supplies – Overnight Price: $0.33

Jarden rates ((DGL)) as Initiation of coverage with Buy (1) –

Jarden maintains a Buy rating for DGL Group with its target price increased to NZ$6.80 following a strong upward revision to the company's financial year profit guidance.

Operating earnings projections lifted 15% at the mid-point to a new range of NZ$61m to NZ$63m, driven by robust fourth-quarter North American case sales alongside lower effective tariff rates and favorable currency movements.

Recent global inventory destocking protocols have restored channel visibility, bringing product shipments and customer depletions back into a sustainable equilibrium.

The analyst notes 2026 vintage harvest volumes decreased -19% year-on-year to manage down historical oversupply imbalances and support forward pricing behavior.

The report concludes restored trading momentum combined with decade-low valuation multiples provides a credible structural framework for a sustained medium-term corporate earnings recovery.

This report was published on June 16, 2026.

Current Price is **$0.33**. Target price not assessed.
The company's fiscal year ends in June.

Forecast for FY26:

> Jarden forecasts a full year **FY26** dividend of **21.00** cents and EPS of **60.00** cents.
> At the last closing share price the estimated dividend yield is **63.64%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **0.55**.

Forecast for FY27:

Jarden forecasts a full year **FY27** dividend of **21.00** cents and EPS of **56.50** cents.
At the last closing share price the estimated dividend yield is **63.64%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **0.58**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GHM GOLDEN HORSE MINERALS LIMITED

Gold & Silver – Overnight Price: $0.42

Canaccord Genuity rates ((GHM)) as Buy (1) –

Canaccord Genuity maintains a Speculative Buy rating for Golden Horse Minerals with a $1.50 target price following encouraging regional exploration results across its Southern Cross tenure.

Reverse circulation drilling at the Hakes Find prospect delineated shallow, high-grade gold mineralization over a 500m strike length, including an intercept of 11m grading 3.37g/t gold from a depth of 33m.

The regional program also uncovered localized silver mineralization grading up to 62g/t silver, indicating a polymetallic signature within the structurally controlled orogenic system.

Deep diamond drilling at the flagship Hopes Hill prospect successfully extended known mineralized footprints, returning a high-grade hit of 7.05m grading 7.04g/t gold from a depth of 252m.

The analyst suggests the company has been excessively impacted by a challenging gold equity environment despite consistent exploration de-risking and ongoing efforts toward a maiden resource estimation.

This report was published on June 11, 2026.

Target price is **$1.50** Current Price is **$0.42** Difference: **$1.075**
If **GHM** meets the Canaccord Genuity target it will return approximately **253%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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Shaw and Partners rates ((GHM)) as Buy (1) –

Shaw and Partners maintains a Buy rating for Golden Horse Minerals with a $1.50 target price following regional drilling updates across its core gold tenure.

Regional reverse circulation drilling at Hakes Find confirmed shallow mineralisation over a strike length exceeding 500m, delivering intercepts up to 11m at 3.37g/t gold.

Deep exploration at the flagship Hopes Hill project continues to return high-grade diamond intercepts including 7.05m at 7.04g/t gold to infill the subsurface geological model.

Ongoing campaigns across emerging regional targets like Greenmount build out an extensive discovery pipeline ahead of a planned maiden mineral resource estimate by the end of 2026.

The analysts view the ambitious multi-rig exploration program as highly positive for expanding the asset base throughout the Southern Cross Greenstone Belt.

This report was published on June 11, 2026.

Target price is **$1.50** Current Price is **$0.42** Difference: **$1.075**
If **GHM** meets the Shaw and Partners target it will return approximately **253%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

PNC PIONEER CREDIT LIMITED

Business & Consumer Credit – Overnight Price: $0.70

Shaw and Partners rates ((PNC)) as Buy (1) –

Shaw and Partners maintains a Buy rating for Pioneer Credit with a $1.00 target price following a post-Federal Budget analysis of alternative financial sector profit levers.

Softer housing conditions and slowing credit growth are projected to pressure bank earnings through rising asset impairments.

The analyst expects this macro environment to trigger an inevitable supply surge of written-off, aged debt portfolios available for regional monetization.

Pioneer Credit reiterated its formal FY26 guidance metrics, targeting statutory net profit after tax exceeding $23m on ledger asset purchases of at least $80m.

Commentary suggests tight compliance records preserve a defensive competitive duopoly, supporting continued expansion of core cash collections into FY27.

This report was published on June 12, 2026.

Target price is **$1.00** Current Price is **$0.70** Difference: **$0.3**
If **PNC** meets the Shaw and Partners target it will return approximately **43%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

> Shaw and Partners forecasts a full year **FY26** dividend of **0.00** cents and EPS of **12.30** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **5.69**.

Forecast for FY27:

> Shaw and Partners forecasts a full year **FY27** dividend of **0.00** cents and EPS of **14.00** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **5.00**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

SYL SYMAL GROUP LIMITED

Industrial Sector Contractors & Engineers – Overnight Price: $2.92

Canaccord Genuity rates ((SYL)) as Buy (1) –

Symal Group's acquisition of Queensland-based Shamrock Civil strengthens its presence outside Victoria.

Canaccord Genuity explains the deal adds defence capabilities, gas infrastructure expertise and greater exposure to Queensland's infrastructure pipeline.

In addition, the transaction positions the company to benefit from more than $100bn of forecast Queensland infrastructure investment through to 2030, including Brisbane Olympics-related projects, the analysts note.

Opportunities across defence infrastructure and gas development in the Surat Basin, are also highlighted, where Shamrock has established relationships with major customers.

Canaccord lifts its FY27 and FY28 revenue forecasts by 13% and 17%, respectively, and raises its earnings (EBITDA) forecasts by 9% and 12%.

The broker retains a Buy rating and raises its target to $3.70 from $3.50.

This report was published on June 18, 2026.

Target price is **$3.70** Current Price is **$2.92** Difference: **$0.78**
If **SYL** meets the Canaccord Genuity target it will return approximately **27%** (excluding dividends, fees and charges).

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

SXE SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

Mining Sector Contracting - Overnight Price: $4.82

Moelis rates ((SXE)) as Buy (1) -

Moelis retains a Buy rating for Southern Cross Electrical Engineering with its target price increased to $4.70, following a strong trading update.

Management provided maiden FY27 EBITDA guidance of at least $100m —a material step-up on prior consensus of $80m— alongside an upgrade to FY26 EBITDA guidance to at least $75m.

New work awards totalling $150m include the NextDC ((NXT)) S4 data centre, a switchboard order for a major data centre, and Rio Tinto's ((RIO)) Pilbara MCA, underpinning visible FY27 earnings inflection as data centre wins translate into a material earnings step change.

The analyst revises FY26-FY28 EPS estimates by -2.3%/17.6%/16.9% to 15.3c/19.5c/20.1c respectively, with DPS held steady at 8.0c across FY26-FY28.

Management noted the current tender pipeline exceeds $1bn and FY27 data centre revenue is expected to be approximately three times FY26 levels of $120m.

The investment thesis centred on strong structural tailwinds in electrification and decarbonisation translating into data centre and infrastructure spend.

This report was published on June 16, 2026.

Target price is **$4.70** Current Price is **$4.82** Difference: **minus $0.12** (current price is over target).
If **SXE** meets the Moelis target it will return approximately **minus 2%** (excluding dividends, fees and charges - negative figures indicate an expected loss).
The company's fiscal year ends in June.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **8.00** cents and EPS of **15.30** cents.
At the last closing share price the estimated dividend yield is **1.66%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **31.50**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **8.00** cents and EPS of **19.50** cents.
At the last closing share price the estimated dividend yield is **1.66%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **24.72**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

YRL YANDAL RESOURCES LIMITED

Gold & Silver - Overnight Price: $0.19

Shaw and Partners rates ((YRL)) as Initiation of coverage with Buy (1) -

Shaw and Partners initiates coverage on Yandal Resources with a Buy rating and a $0.51 target price based on an in-ground asset valuation framework.

The explorer holds a baseline resource of 450koz of gold across granted Western Australian mining leases, demonstrating clear extension potential into deeper fresh rock, the broker concludes.

Near-term exploration activity accelerates following the establishment of a dedicated 21-person operations camp, fully funded through a cash reserve of $14.7m.

The analysts believe the deposits carry high corporate appeal for underutilized nearby mills, offering strategic infrastructure sharing or toll-treatment partnership opportunities.

The core thesis models resource expansion toward 1m ounces within twelve months to lift the valuation baseline toward peer group explorer averages.

This report was published on June 11, 2026.

Target price is **$0.51** Current Price is **$0.19** Difference: **$0.32**
If **YRL** meets the Shaw and Partners target it will return approximately **168%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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