WEEK 9

STORIES TO READ FROM FNArena

Friday, 28 February 2025

Woolworths: Oh Lord, I Have Sinned

All Eyes On Woodside's Lousiana LNG Sell Down

The Significance Of Cosmetique’s ASX Listing

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AUSTRALIA

The Market In Numbers - 22 Feb 2025

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	22 Feb 2025	Week To Date	Month To Date (Feb)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12752.580	-1.82%	-1.87%	-2.73%	-2.73%	8.83%
All Ordinaries	8570.90	-2.88%	-2.49%	1.79%	1.79%	6.95%
S&P ASX 200	8296.20	-3.03%	-2.77%	1.68%	1.68%	6.81%
S&P ASX 300	8231.40	-2.96%	-2.71%	1.64%	1.64%	6.79%
Communication Services	1700.40	1.62%	2.01%	4.49%	4.49%	13.27%
Consumer Discretionary	4128.00	-2.95%	-1.48%	5.54%	5.54%	17.56%
Consumer Staples	12090.50	0.89%	2.03%	2.73%	2.73%	-2.32%
Energy	8300.40	-3.98%	-6.54%	-3.74%	-3.74%	-17.26%
Financials	8522.90	-7.49%	-6.77%	-1.06%	-1.06%	11.31%
Health Care	43173.40	0.12%	-6.80%	-3.81%	-3.81%	-2.45%
Industrials	8023.70	-0.30%	1.50%	4.93%	4.93%	17.80%
Info Technology	2854.40	-1.24%	-0.01%	4.14%	4.14%	21.90%
Materials	17152.70	-0.26%	2.26%	6.37%	6.37%	1.63%
Real Estate	3887.30	-1.22%	-1.26%	3.35%	3.35%	9.10%
Utilities	8683.60	1.14%	-1.50%	-3.86%	-3.86%	-6.48%
A-REITs	1778.30	-1.10%	-1.12%	3.49%	3.49%	9.48%
All Technology Index	4030.80	-1.87%	1.18%	5.92%	5.92%	28.46%
Banks	3522.80	-9.96%	-7.62%	-2.32%	-2.32%	10.25%
Gold Index	10197.30	-1.47%	5.09%	21.05%	21.05%	38.60%
Metals & Mining	5616.10	-0.09%	3.19%	6.86%	6.86%	1.18%

The World

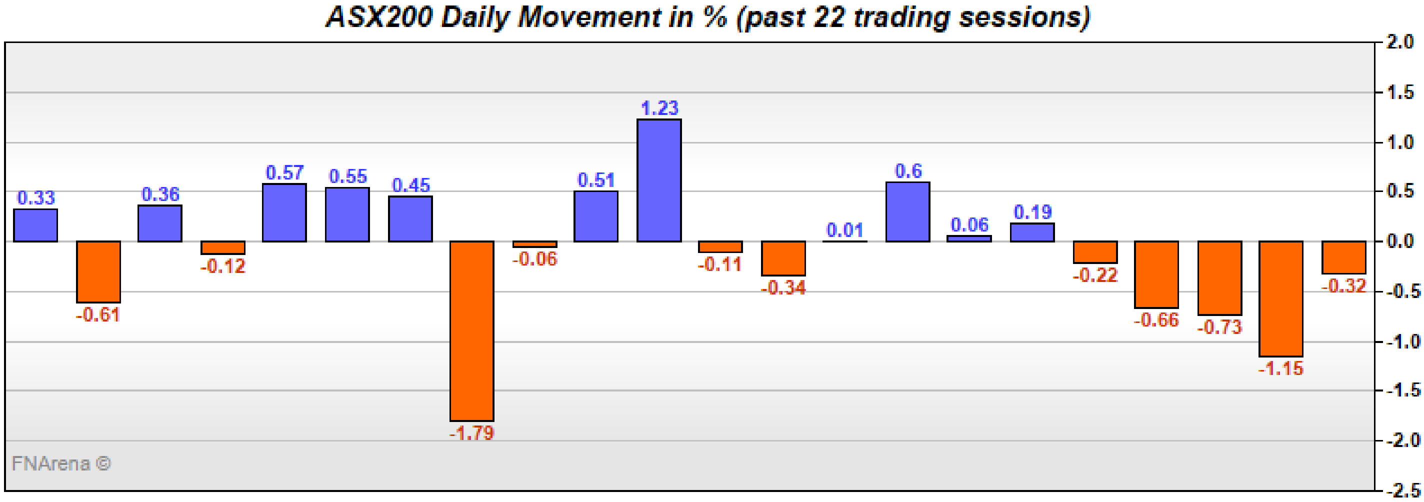
Index	22 Feb 2025	Week To Date	Month To Date (Feb)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8659.37	-0.84%	-0.17%	5.95%	5.95%	6.07%
DAX30	22287.56	-1.00%	2.56%	11.95%	11.95%	22.22%
Hang Seng	23477.92	3.79%	16.08%	17.04%	17.04%	32.50%
Nikkei 225	38776.94	-0.95%	-2.01%	-2.80%	-2.80%	-2.04%
DJIA	43428.02	-2.51%	-2.51%	2.08%	2.08%	11.02%
S&P500	6013.13	-1.66%	-0.45%	2.24%	2.24%	10.12%
Nasdaq Comp	19524.01	-2.51%	-0.53%	1.10%	1.10%	10.10%

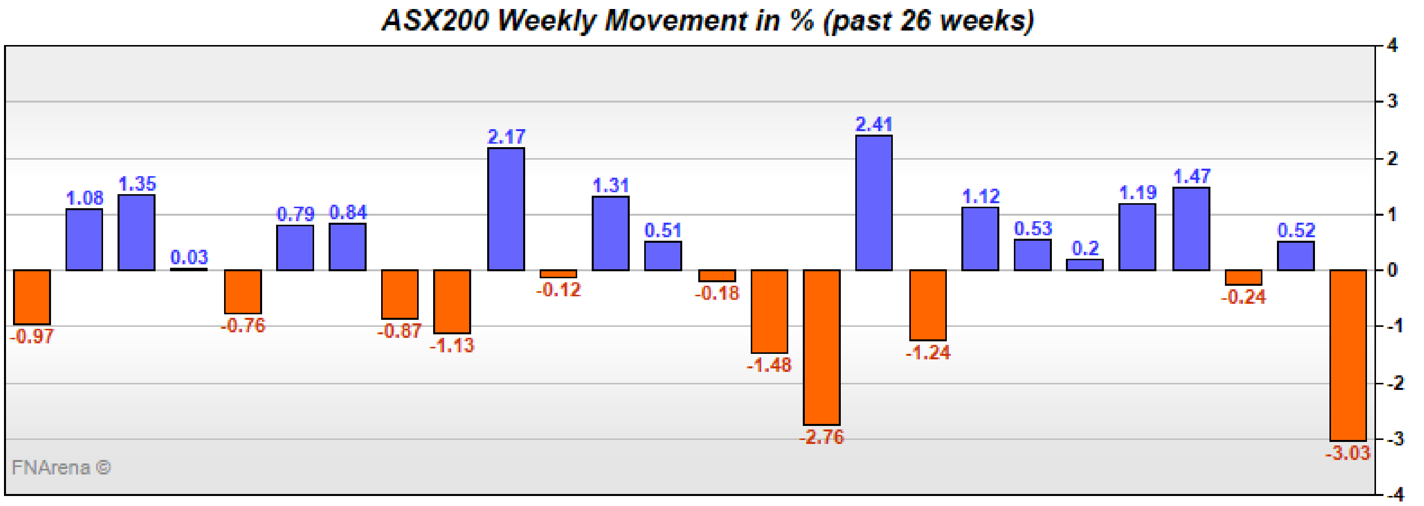
Metals & Minerals

Index	22 Feb 2025	Week To Date	Month To Date (Feb)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	2950.39	-0.25%	3.62%	12.32%	12.32%	26.20%
Silver (oz)	33.41	1.63%	2.46%	10.55%	10.55%	14.23%
Copper (lb)	4.6088	-3.60%	6.97%	12.51%	12.51%	6.35%
Aluminium (lb)	1.2281	4.53%	4.25%	7.44%	7.44%	9.21%
Nickel (lb)	6.8069	-0.41%	-0.66%	-4.73%	-4.73%	-12.49%
Zinc (lb)	1.3126	2.68%	4.59%	-2.86%	-2.86%	-1.02%
Uranium (lb) weekly	66.35	-6.88%	-6.75%	-7.85%	-7.85%	-20.30%
Iron Ore (t)	107.00	0.22%	5.60%	3.04%	3.04%	0.46%

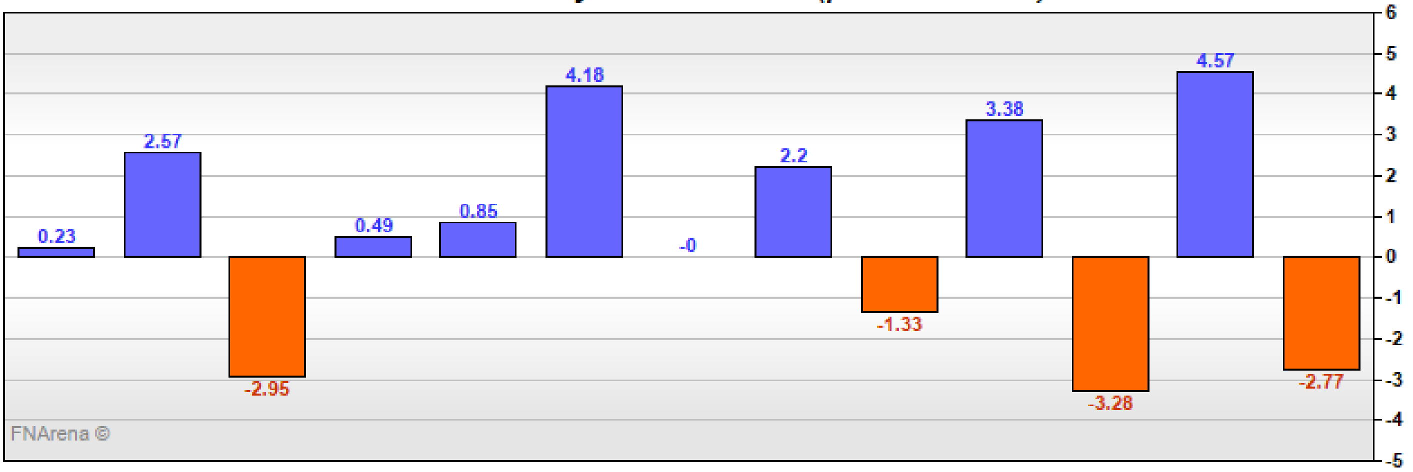
Energy

Index	22 Feb 2025	Week To Date	Month To Date (Feb)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	72.49	1.51%	-0.77%	4.33%	4.33%	-11.45%
Brent Crude	76.48	1.78%	0.63%	5.40%	5.40%	-10.49%

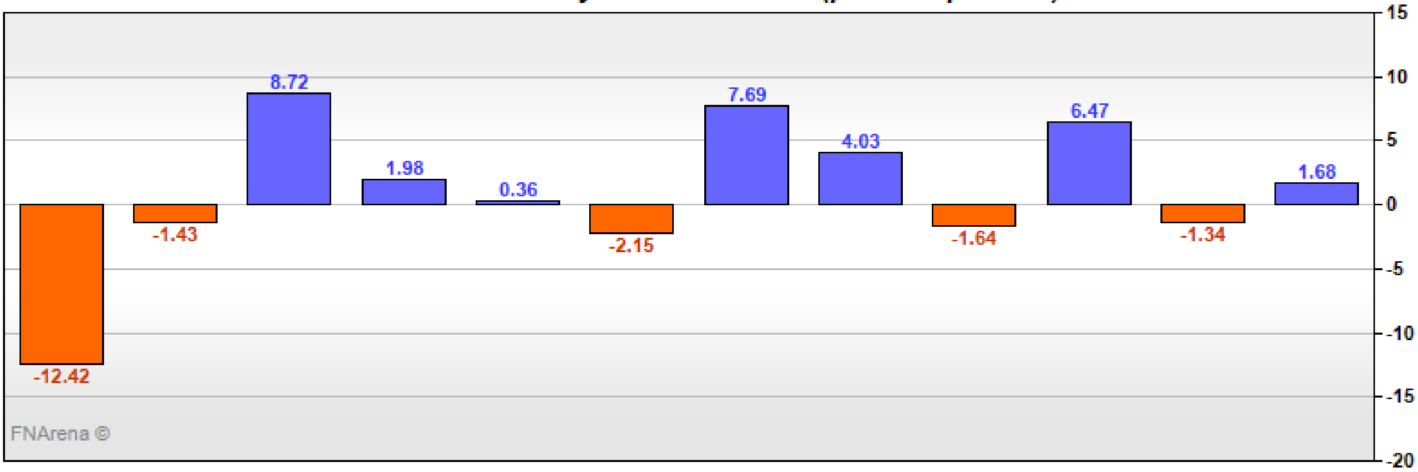




ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

FNArena is not responsible for any glitches, omissions or data errors. This feature is not investment advice. It is offering a quick status on raw price movements for information purposes only.

FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Telstra Now Offering Dividends Plus Buybacks

Telstra's H1 release surprised through an additional share buyback and analysts' confidence in ongoing dividend increases has grown.

-Telstra posts a solid first half result
-Dividend increased as expected, buyback a surprise
-Mobile, InfraCo lead earnings growth
-Share buybacks might be part of the mix in years to come
-Growing competition a threat down the track

By Greg Peel

Telecommunications leader Telstra ((TLS)) reported a "clean" first half result, analysts agree, with underlying earnings up 6% year on year in line with, or slightly better than, forecasts.

The dominant Mobile division grew earnings by 4%, ahead of consensus, mainly driven by strong growth from postpaid service-in-operation (SIO) and increased average revenue per user (ARPU), despite only four months of price increases in the half and disruption from the shutdown of the 3G network.

Jarden, for one, had seen a combination of the 3G network shutdown and the timing of price increases as presenting downside risk to postpaid mobile SIO forecasts, but that did not eventuate.

Telstra highlighted churn of some -190k from the event, while postpaid subscribers grew 48k and postpaid ARPU growth of 0.8% was in line with expectations.

InfraCo earnings were also solid, growing by 7% compared to 2% expectation.

Supporting the result was a strong cost performance, driving return on invested capital of 8.0%. The underlying cost-out continues, with further opportunities highlighted from new initiatives.

Telstra increased its dividend to 9.5c from 9.0c, as expected, but the true surprise came in the form of an announced $750m share buyback. Analysts had foreseen a buyback down the track, but not this quickly.

Cash is King

Management has decided that from now on it will make capital management decisions based on cash earnings per share (EPS) rather than accounting EPS.

Cash EPS is operating cash flow divided by the number of shares outstanding. Traditional, or accounting EPS, is net income divided by the number of shares outstanding. The bottom line is cash EPS does include the impact of D&A expense, which in the case of Telstra's first half result, was higher than forecast, leading to the profit result falling short of consensus despite underlying earnings beating.

Post Telstra's result, Barrenjoey's confidence in the security and growth profile of the dividend has increased, due to buybacks which will support FY26 (and beyond) EPS and cash EPS growth. Operational earnings are tracking ahead and if not for D&A, accounting EPS would have lifted, Barrenjoey notes, but since capex is unchanged cash EPS is actually higher than before.

Ord Minnett sees additional buybacks being supported by reduced balance sheet leverage as asset sales and portfolio restructuring continue ---Telstra has signalled its network and applications (NAS) division as a focus--- and operating earnings increase. The broker's analysis implies FY25 earnings at the top end of the company's guidance range.

Telstra provided further new underlying free cash flow to equity calculations which, in Jarden's view, may provide a framework to forecast future dividend payments. The calculation makes an adjustment for spectrum amortisation (a real cost), however, looks through lumpy one-off spectrum payments. It also excludes strategic investment capex.

Based on this framework, Jarden believes Telstra can sustainably increase the dividend to the mid-20c range by FY28, with franking credit generation the key impediment to a higher dividend. The broker also believes that with earnings growth, Telstra has significant headroom to undertake further buybacks under this framework and remain within its 1.5-2.0x debt servicing comfort range.

Jarden therefore assumes $2.25bn in cumulative share buybacks through to FY28 as a base case. Based on forecasts, Telstra could potentially undertake double this amount, the broker suggests, though this would leave little headroom, noting significant spectrum payments may be required towards the end of the decade if auctions require full upfront payment.

The company is likely to hold an investor day during the second half, outlining its strategy and targets through to 2030, which may also provide further clarity on Telstra's future capital management framework.

Ratings Agencies

The announced $750m buyback will commence from March 12 and proceed over the course of 2025 and management will "evaluate future buybacks". Barrenjoey believes Telstra will de-gear from both earnings growth and asset sales/portfolio optimisation. The first half cash balance reflected the sale of Ventures but not the sale of Foxtel, as yet.

The limiting factor on the amount of any buybacks is likely to be Moody's credit ratios, Barrenjoey notes, given Telstra sat at a gearing ratio of 2.16x at FY24 versus maximum headroom of 2.2x. In comparison, Telstra is one notch lower on Standard & Poor's ratings and, hence, has plenty of headroom to S&P's target ratio of 2.5x.

Barrenjoey thinks Telstra also has headroom under its own "comfort zone" net debt to earnings ratio of 1.5-2.0x. If the company conducted $750m buybacks each year, the Moody's gearing ratio would step down from 2.16x at FY24, to 2.0x in FY25, and then staying at around 2.0x-2.1x over FY26-27. This would be below the 2.2x threshold.

Driving Earnings

A highlight for Goldman Sachs was that despite market concerns around January/February mobile trading, given Vodafone promotional activity and TPG/Optus Multi Operator Core Network launch, Telstra noted subscriber trends remained strong year to date with minimal impact on porting data since the MOCN went live.

Telstra is re-allocating -$800m of capex into mobile over the next four years which should help maintain network leadership by improving reliability, speed and efficiency, with a continued focus on improving mobile return on invested capital.

Into 2025, ARPU should benefit from a full-period impact of price increases.

An announced deal with Accenture should allow Telstra to become a leader in AI which could improve customer service, productivity and margins, UBS suggests. Macquarie understands the majority of the return expected on this -$700m investment is from cost-out, rather than higher revenues.

While the intercity fibre rollout has been marginally slower than expected, Telstra now has seven fibre routes under construction, with the first two routes (Sydney to Canberra and Melbourne to Canberra) to be ready in late-2025. The new routes will enable at-scale delivery of dark fibre solutions and options for wavelength services for customers such as hyperscalers and the broader AI industry.

Competition

Vodafone's ((TPG)) regional network sharing agreement with Optus materially increases its regional mobile coverage. If TPG Telecom can also divest its enterprise/fibre segment, it will have a much stronger capital position and would logically become hyper-focused on mobile market share, Morgans suggests.

Currently TPG's share sits at around 20%, but 30% is more the norm for Vodafone globally. The key question for Telstra shareholders is therefore will TPG/Vodafone and emerging regional mobile competition claim mobile market share over the next few years? If so, will it be at the expense of Telstra, Optus or both?

The rising popularity of low earth orbit (LEO) satellites, including Elon Musk's Starlink, is another big focus for Morgans as it pertains to Telstra's regional mobile coverage and its competitive advantage. Many Telstra mobile customers are so because of superior regional mobile coverage. Hence, the larger portion of capex (-$800m extra) towards improving the quality of its mobile network.

Starlink is already outperforming incumbents, Morgans notes, as a stationary/fixed wireless alternative in regional areas, and is expanding into mobile coverage. Currently, Starlink's satellite direct-to-mobile coverage quality is relatively poor.

However, over time its speed and reliability will continue to improve while its costs will decline. As a builder/owner/operator with reusable rockets and LEO satellites, Starlink will be very difficult to compete with on a global and regional/remote scale, Morgans warns. Amazon's Project Kuiper is another vertically integrated LEO satellite operator with significant plans and in close competition with Starlink.

Short term, Morgans doesn't see either as a real threat for Telstra but, medium term, believes they have potential to displace incumbents so need to be watched.

Mixed Views

Morgans has a Reduce recommendation on Telstra, seeing more downside than upside risk as the stock trades on a PE of 22x, which is meaningfully above its long-term average and that of international incumbent peers.

The broker acknowledges many of the ASX20 stocks are trading at premiums to their long-term average. However, from a fundamental perspective, and considering the rising competitive risks to Telstra's most important business unit, Mobile, Morgans sees Telstra's premium PE as unjustified.

Macquarie believes there is more upside from rationalisation of costs and gives credit for execution against the company's T25 strategy. This broker is optimistic for even further cost-out. However, given Telstra's dividend yield spread to the government ten-year bond yield, Macquarie downgrades to Neutral from Outperform on valuation grounds.

Bell Potter has rolled forward its PE ratio and sum-of-the-parts valuations so that FY26 is now the base year. The net result is a 1% increase in price target but given this generates a total expected return of less than 15%, Bell Potter downgrades to Hold from Buy.

The three remaining brokers of the six covering Telstra and monitored daily by FNArena have Buy or equivalent ratings.

Management has a strong return on invested capital focus, UBS notes, and sounded very confident in the outlook for Mobile and ability to hit -$350m of cost-out this year. This broker thus maintains Buy, which reflects model roll-forward and small earnings increases.

Ord Minnett's faith in Telstra's dividend policy and profile has only been strengthened following the first-half result, which leads this broker to maintain a Buy recommendation.

Morgan Stanley sees Telstra's results as in line and supportive of a view of Telstra as a quality defensive stock, with rising dividend potential, hence a positive investment thesis and Overweight rating.

The average price target among the six brokers has risen to $4.24 from $4.18, in a range from $3.45 (Morgans) to $4.70 (Morgan Stanley). Consensus forecasts for (fully-franked) dividend yields are 4.6% in FY25 and 4.8% in FY26.

Telstra is the incumbent telecom operator in Australia. Goldman Sachs believes the low-risk earnings (and dividend) growth that Telstra is delivering across FY22-25, underpinned through its Mobile business, remains attractive. This broker also believes Telstra has a meaningful medium-term opportunity to crystallise value through commencing the process to monetise its InfraCo Fixed assets.

Goldman Sachs retains a Buy rating with a $4.50 target.

Barrenjoey's confidence in the Telstra dividend (security & growth profile) has increased, due to buybacks which will support future earnings growth, a greater focus on cash EPS and underlying operations tracking ahead.

Barrenjoey also has a Buy rating and $4.50 target.

It was a solid result, Jarden suggests, with capital management a positive surprise for the market. Jarden is Overweight, lifting its target to $4.30 from $4.20.

AUSTRALIA

Woolworths: Oh Lord, I Have Sinned

Analysts agree Woolworths had lost its way, thus welcoming cost-out plans and a portfolio rethink following a weaker than expected first half.

-Woolworths earnings disappointed
-Impact of Victorian strike underestimated
-Cost of living crisis drives value-seeking from shoppers
-Management responds with overdue action

By Greg Peel

It was a rough first half for Australia's largest consumer wallets-exposed conglomerate. Woolworths Group's ((WOW)) earnings fell by a greater than expected -4% year on year, despite revenue growing 4%. Underlying profit was down -21%.

Analysts had underestimated the one-off impact of 17 days of industrial action at Woolworths' Victorian distribution centres and resultant incremental supply chain commissioning and dual-running costs. The disruptions were another in a series of concerns for the supermarkets and Woolworths in particular, Macquarie notes, with the ACCC Inquiry and other negative headlines creating an overhang in recent months.

This at a time in which customers remain highly value-conscious amidst the cost of living crisis, driving value-seeking, trading down to own-brand and lower priced goods, and cross-shopping to seek better prices at rivals Coles Group ((COL)) and in particular, Aldi.

Within such context, management has emphasised its focus on improving the shopping experience, highlighting price perception, trust and product availability. In particular, management called out investment in price and promotion, noting it had recently absorbed price increases in some categories such as meat.

This, in addition to other trading-down pressures, continues to impact profitability of the key Australian Food segment, with guidance implying an underlying -2% year on year decrease in second half earnings, Macquarie notes.

Woolworths' earnings margin was down -90bps to 5.2%, impacted by the one-off impact of industrial action, supply chain commissioning and dual-running costs, price and promotional activity, higher meat input costs, customers shifting towards lower-priced items and specials, wage increases, and a negative mix-shift due to higher eCommerce sales. This long list was partly offset by productivity initiatives, Ord Minnett points out.

The only good news was better than expected performances for both B2B and New Zealand Food. However, perennial disappointment Big W is expected to be loss-making in FY25.

The first seven weeks of second half trading showed Australian Foods revenue up 3.3% year on year, but second half earnings are to decline by mid-single digits, inclusive of supply chain commissioning and duplication costs.

Back to Basics

Woolworths has the number one market share, one of the best supply chains and the most advanced data capabilities in the market. In Jarden's view, these are not being leveraged to drive outcomes effectively.

In recent times, management has not been focused on the simple maxim of giving its supermarket customers the product they want at a good price, Ord Minnett believes, but on forays into other retail segments.

To that end, brokers are relieved management will pursue -$400m of cost savings.

Citi notes that under the prior CEO, Woolworths executed a -$500m cost-out program around 2015. Much of this was re-invested into price and service at the time to arrest prolonged market share losses. While the rebase process was painful, the strategy proved successful.

The circumstances now are not as dire as that period so Citi does not advocate a material rebase. However, the broker does see similarities in that ultimately revenue growth needs to be higher to drive operating leverage. Though cost savings may help achieve this, Citi suggests more will be needed to win customers back.

Investors have sought the pursuit of cost savings and greater focus on return from funds engaged (ROFE) from Woolworths' management for some time, UBS notes. There is potential to reduce costs as, while Woolworths booked 1.6x greater sales and earnings in FY24 than Coles, it has twice the headcount of Coles above store level.

Cost-outs will concentrate on the back office.

Goldman Sachs believes a refocus on execution basics and productivity could drive improvement in consumer sentiment post the ACCC Inquiry, as well as improved funding to help a market share recovery and Retail Media.

The supermarket giant appears to have seen the light, Ord Minnett suggests, by unveiling its plan to strip -$400m in costs out of the company. New management's tighter focus on expenses creates a crucial variable in an industry characterised by thin margins and low sales growth relative to other sectors and thus is a very positive development, in Ord Minnett's view.

Re-investment of costs saved will be dependent on market conditions. Macquarie expects a large portion of these will be allocated to initiatives to improve customer perception and offset cost inflation before translating into earnings.

Portfolio Rethink

Alongside cost-outs, Woolworths will conduct a portfolio review, likely to focus on the low ROFE divisions of Big W and New Zealand Food, UBS suggests, and a more critical view of the profit and ROFE potential of currently loss-making new businesses such as MarketPlus and Healthylife.

Future updates on Big W and NZ Food are likely, Macquarie believes, as Woolworths reviews the long-term opportunity, with potential for right-sizing or potentially an exit.

Highlighting the problem is the W Living segment, Ord Minnett notes, made up of Big W, Petstock and other smaller businesses. W Living generated revenue of more than $3bn from its operations in the first half, but a "paltry" $15m in earnings.

It's unclear whether a divestment of NZ Food would be contemplated considering the rebrand to Woolworths. But Citi expects there would be some investor support for a de-merger (as opposed to an unlikely sale) to allow shareholders a chance to participate in recovery upside. A closure of MyDeal (in the same fashion as Catch) could also makes sense given its lack of contribution, Citi suggests.

Waiting Game

"Will Woolworths use its scale to invest in getting the basics right?" asks Jarden. If so, can it drive share of wallet and leverage its superior data/adjacency opportunities? "Can Woolworths bank some of the -$400m cost-out? Can management work the assets harder to drive return on invested capital?".

Capex will be at the lower end, and Jarden thinks yes. The broker retains an Overweight rating but notes improving share gain is needed to drive near-term outperformance, which will likely take time. Jarden's price target rises to $37.00 from $36.70.

Goldman Sachs reiterates its Buy rating, seeing early signs of a refocus on productivity and increased precision execution driving promotional effectiveness. Goldman has a target of $36.10.

Among the seven brokers monitored daily by FNArena covering Woolworths, only Morgan Stanley and Ord Minnett have a Buy-equivalent rating. Everyone else is on Hold. Morgan Stanely's rating is called Overweight, with a $34.10 target.

Ord Minnett suggests Woolworths "still has plenty" but better execution of what should be a relatively simple business model will go a long way to improving earnings and returns to shareholders. This broker takes a more constructive view on the stock given management's targets for savings and efficiency gains, and upgrades its recommendation to Buy from Hold.

Among the Hold or equivalent raters, Morgans is of the view that Woolworths is a good, defensive business with dominant market positions and long-term earnings tailwinds from population growth and leveraging its scale advantage.

In the short term, however, margins remain under pressure from customers shifting to lower-priced items and buying more products on special, higher costs (including wages), and a negative mix-shift due to higher eCommerce sales versus in-store.

With subdued earnings growth expected, Morgans sees the stock's current valuation as full.

UBS equally retains its Neutral rating despite another earnings downgrade in Australian Food and Big W as the new focus on costs and portfolio ROFE suggests a possible path to improved performance. UBS notes the PE gap to Coles is significantly below its historical average.

Bell Potter points out that, following the recent share price correction, Woolworths has traded down to a comparable enterprise value to earnings multiple to that of Coles, "which does not look unreasonable".

A trend has developed here that suggests the share price correction has saved Woolworths from potential Sell ratings.

Macquarie expects regulatory oversight and margins to remain an overhang, but with the group having benefits of scale and a strong store network, the current PE, -10% below the long-run average, may create an opportunity once downside risk to earnings has passed.

Citi sees some downside risk to consensus earnings lingering over the next few periods as Woolworths fights to regain momentum in Australian Food. Citi retains a Neutral rating on the basis that the cloudy earnings outlook is probably reflected in the share price and market positioning.

The average target among the seven brokers has fallen to $31.82 from $32.14, on a range from $30.50 (UBS) to $34.10 (Morgan Stanley).

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

BOOK REVIEWS

Why Investors Get It Wrong About Founders

Why Investors Get It Wrong About FoundersThe Hidden Traits That Actually Matter

By Lawrence Lam, author of *The Founder Effect*

Investors love the idea of the visionary founderthe charismatic leader with bold ideas and an anti-establishment persona. But too often, they get blinded by hype.

Founders who dominate headlines and deliver compelling presentations aren't always the ones who build sustainable businesses. While some founder-led companies achieve extraordinary long-term success, many more fail due to leadership blind spots, governance issues, or an inability to execute their vision.

The real challenge for investors and boards isn't identifying passionate foundersit's distinguishing between those who create lasting value and those who are just good at selling a story.

The true indicators of founder success lie beyond surface-level qualities. Instead, investors should focus on three hidden traits that separate great founders from those destined to struggle.

1. Long-Term Decision-Making Over Short-Term Optics

Many investors are naturally drawn to founder-led companies, and the 'skin-in-the-game' argument is a compelling one.

Combine this with founders who excel at storytelling, and it's easy to see why some investors allocate capital without critically assessing the distinction between exceptional and mediocre leadership.

However, in my experience, true long-term winners don't always look impressive in the short term. The key lies in distinguishing between founders who genuinely prioritise the future and those who are merely riding the wave of their narrative.

In the 1990s, Hermes faced mounting competition and a pivotal moment in its brand evolution. Jean-Louis Dumas, a key member of the Hermes family, made a bold decision that defied conventional wisdomhe reduced the brand's global store footprint.

While this move led to a short-term dip in revenue, it reinforced Hermes' exclusivity and cemented its long-term position in the luxury market.

Decades later, this strategy has paid off, with Hermes now standing as the world's most valuable luxury brand. Contrast this with many founders who focus on aggressive fundraising and rapid expansion, often at the expense of sustainable business economics, while they simultaneously cash out their personal equity stakes.

What Investors Should Really Look For:

-Long-term vision Does the management team reinvest in long-term growth projects rather than merely maximising short-term milestones?

-Ability to make bold decisions Can the management team make tough, strategic calls when necessary?

-Governance structures that support long-term thinking Are founders building scalable teams and decision-making processes instead of consolidating power?

2. Psychological Ownership

Many investors assume that founders with large equity stakes are naturally committed to their company's success. But ownership isn't the only factorit's about how genuinely motivated they are to see the company succeed beyond their own financial interests.

There are observable signs investors can use to determine this, which I outline in *The Founder Effect*.

Brunello Cucinelli, for example, treats his luxury brand not just as a business but as a legacy, constantly reinvesting in craftsmanship and supply chain sustainabilitycritical for long-term success. Compare this to founders who prioritise personal wealth extraction through stock sales, excessive compensation, or financial engineering.

Key Indicators of True Psychological Ownership:

-Beyond financial incentives Does the founder's motivation stem from more than just financial gain?

-Stewardship mindset Does the founder see their company as a long-term legacy rather than a short-term financial win?

3. Ability to Influence Internally and Externally

Many investors focus on a founder's ability to generate excitementwhether through media presence, investor relations, or viral marketing. But true leadership influence extends far beyond external hype.

Elon Musk, for all his controversies, has built Tesla into more than just a car companyit's a movement. Without spending on traditional advertising, he has cultivated a passionate customer base and an internal workforce that believes in Tesla's mission.

Lululemon has done the same, creating a global community that aligns with its lifestyle and values.

What Investors Should Assess:

-Internal influence Can the founder retain and inspire top talent, or is there constant turnover?

-Brand loyalty beyond marketing spend Are customers engaged with the company's mission, or is it a fickle relationship?

-Organisational agility Is the company set up to be nimble, or is it bogged down by bureaucracy?

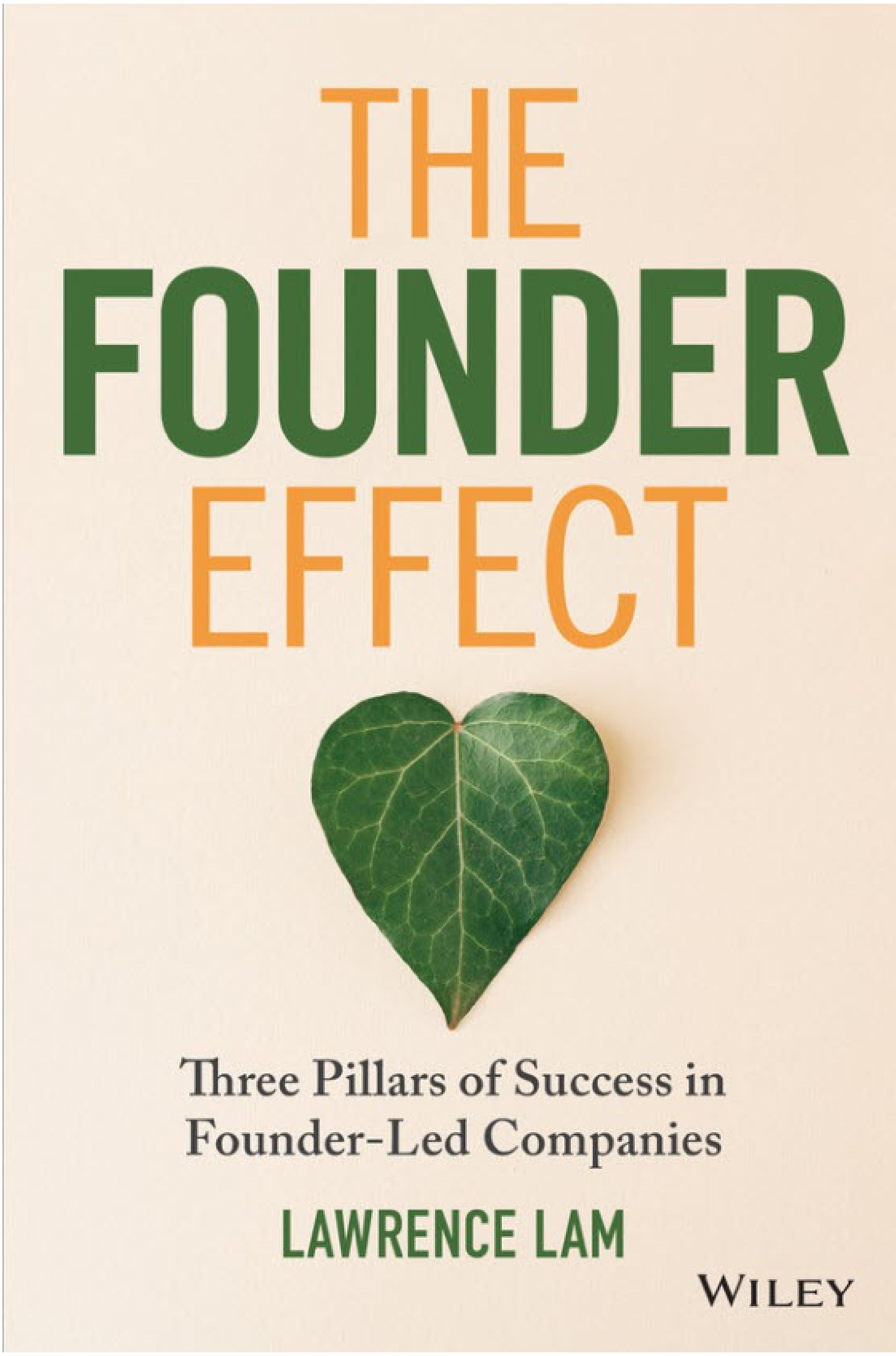
Spotting the Real Winners

The difference between a great founder and a hyped one isn't always obvious at first. Years ago, I met with a founder-led company that was destined for success.

The founder wasn't interested in a flashy office but instead focused on building an executive team that was close to customers and staff. They carried very little debt and chose to remain financially independent. Over the next decade, I watched as their share price tripled.

Investors must look beyond the hype and focus on the traits that truly matter: long-term decision-making, psychological ownership, and genuine influence. For founders who exhibit these qualities, they end up building more than just a businessthey build institutions that outlast them. And for investors, those are the companies worth betting on.

For those interested in this topic, *The Founder Effect* provides a detailed framework for investors to objectively identify exceptional management teams.



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Lawrence Lam is the author of The Founder Effect (Wiley $34.95), a book exploring the essential traits of successful executive teams and governance structures that drive sustainable growth. As Founder and Managing Director of Lumenary Investment Management, he brings over two decades of expertise in global equities, risk management, and advising boards. For more information visit https://lawrencelam.org/ and https://lumenaryivnest.com

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COMMODITIES

Fortescue: Quo Vadis The Dividend?

A long-time source of income for investors, Fortescue's challenges are leading to warnings from brokers the miner's dividend yield is on the decline.

-Fortescue's earnings result weaker than feared
-Policy uncertainty leads to a rethink on green investment
-Higher spending on iron ore; Iron Bridge delayed
-Dividend miss, with ongoing declines forecast

By Greg Peel

Australia's number three iron ore producer and green energy aspirant Fortescue ((FMG)) reported first half FY25 revenue down -20% year on year, earnings down -39% and profit down -54%. An interim dividend of 50c was declared, while net gearing increased to 10% from 2% over the period.

Analysts were expecting weak numbers, but key metrics were still on the disappointing side. The 50c dividend fell short of a 57c consensus forecast. The implied earnings payout ratio of 65% was in line with expectation, but earnings were lower than forecast.

Earnings were impacted by higher shipping costs, royalties and D&A cost, on top of adverse forex movements. The earnings margin of 47% is the lowest reported by Fortescue since FY18.

Bridge too Far?

The good news is no major damage across Fortescue's Pilbara iron ore assets despite a very active cyclone season. The miner shipped a record 97.1mt of iron ore in the half, up 3% year on year. It was a solid operational performance, Bell Potter declares, but H1 also reflected a tougher environment of higher costs and a lower iron ore price.

FY25 shipping guidance is unchanged at 190-200mt, including 5-9mt from problem child Iron Bridge (near Port

Hedland). The Iron Bridge ramp-up has been for some time a matter of frustration.

Iron Bridge continued to ramp up in the half and is on track to achieve FY25 shipment guidance and cash operating expenditure excluding shipping and royalites of approximately US$500m.

However, the schedule for operating at nameplate capacity of 22mt per annum is under review, with an assessment underway to optimise the performance of the air classification circuit and downstream aerobelt conveyor. This assessment is anticipated to be completed in the June quarter.

The history of bringing Iron Bridge into production amounts to a long list of delays. Initially, this project was expected to ramp up full production by late 2023-mid-2024. UBS, for one, now assumes the June quarter FY26.

Management assured that in its opinion the ramp-up of Iron Bridge to nameplate was not a matter of "if" but "when". Heavy rainfall was flagged as an impediment at the site but the ramp-up is flagged to be according to management's expectation.

It's Not Easy Being Green

Donald Trump's return to the White House and his dismantling of green programs means Fortescue will review the projects under development in its nascent clean energy division. The Trump administration has paused grant payments under the former Biden administration's Inflation Reduction Act, and is unashamedly pro-fossil, anti-green.

The upcoming Australian election is another source of policy uncertainty. A Dutton government will (presumably) focus on nuclear at the expense of renewables/green energy.

Fortescue will subsequently review its previous timelines for its green hydrogen facilities in Arizona and Gladstone (Queensland) and no further investment will be made at this time.

The company's decarbonisation push nevertheless continues, with planning and approvals for solar/wind and battery storage projects ongoing, but will be "rephased", leading to a reduction in capex to -US$500m from a prior -US$700-900m.

To date, Fortescue has introduced battery EV/fuel cell haul trucks, four electric excavators, and 6MW of charging points.

Andrew Forrest's green aspirations have long been lauded by the climate-conscious but questioned by analysts on a pragmatic, stock valuation basis. Investment in unproven future-facing projects can only drag on Fortescue iron ore cash machine and subsequent returns to shareholders.

For some time, Macquarie has been sceptical of the company's hydrogen and green-ammonia plans given the energy losses in conversion. Hence, management's language supporting discipline is welcomed by the broker. Fortescue will trim its FY25 green capex guidance to -US$400m from -US$500m.

In terms of Jarden's broader thesis - and whether the pursuit of Real Zero might need moderating to manage the balance sheet under base case assumptions, the broker views the decision to reduce capex guidance for the Energy division as potentially more telling than the -US$100m reduction itself.

At least in terms of the Energy division, Jarden was quietly left to consider that the overall pursuit of green energy solutions has not tempered, but the timelines may stretch.

Guidance Juggle

Fortescue's FY25 capex guidance is unchanged, other than a tightening in range to US$3.9-4.2bn from a prior US$3.7-4.3bn. This despite an implied -US$300-500m reduction in green hydrogen/decarbonisation spending.

The gains are offset by increasing spending for Fortescue Metals (iron ore).

There remains the balance of HME fleet (heavy mobile equipment Tonka trucks) replacement, power generation, typical stay-in-business (sustaining) capex, and new mine development (Mindy South).

Spending also covers the inclusion of the recent Red Hawk Mining (WA) acquisition (-US$160m).

Jarden argues Fortescue's otherwise arguably pristine balance sheet in recent times will be the subject of increasing interrogation as the capex calls ramp up over the remainder of the decade.

Which leads us to...

Capital Management

Fortescue has for many years been an attractive source of yield for investors seeking income. Can that last?

Ord Minnett highlights even though the number three iron ore producer will need to borrow to support its dividend payout policy of 50-80% of net profit, given free cash flow of circa US$660m was insufficient to fund the US$1bn interim payout, Fortescue's balance sheet is robust enough to do this without any concerns.

Ord Minnett retains a Buy rating.

The maintenance of a good dividend distribution is a positive, however Bell Potter continues to forecast this to decline. Reduced capex on decarbonisation and Fortescue Energy projects may nevertheless potentially free up cash flow for dividends, and available dividend support helps keep Bell Potter on Hold.

Core iron ore operations are maintaining a steady performance, but the only real tailwind for Fortescue at the moment is a low exchange rate, Bell Potter believes. The iron ore price, Iron Bridge production and Fortescue Energy projects all have a subdued outlook.

Fortescue continues to base its US dollar guidance numbers on an assumed exchange rate of US68c. Recently the Aussie has been trading around US64c, having taken a trip below US62c.

Fortescue's interim dividend of 50c missed consensus by -7%, which, importantly to Macquarie, given the company's emerging retail shareholder base, was -46% lower half on half. The yield represented 5.2% annualised.

The result disappointed on earnings which flowed through to the dividend, Macquarie notes. The result may cast doubt for income-focussed investors on the sustainability of Fortescue's dividend. Macquarie is on Underperform.

The relatively soft profit result meant the interim dividend was relatively disappointing, which would explain a weak share price performance on the result release, but Jarden suggests the intraday reaction possibly relates more to extrapolation of this disappointment.

Jarden's core forecast for backwardated iron ore prices, combined with a rising capex profile, results in forecast yields diminishing to less than 4% in FY26-27 and to 1.6% for the remainder of the decade.

The consensus benchmark pricing outlook appears hopeful of further Chinese stimulus, Jarden suggests. This broker remains more circumspect as to what can be implemented to reverse waning demand for steel and its inputs, particularly when, in Rio Tinto's ((RIO)) Simandou alone, supply does not look to be an issue. Price realisation through FY25 to date, combined with recent movements in dry bulk rates, seems supportive of this view, Jarden notes.

Jarden has an Underweight rating.

Goldman Sachs anticipates a widening of low-grade 58% Fe product realisations over the medium to long term due to expectations of increasing supply of low-grade iron ore from other projects, high coking coal prices, a normalisation and higher steel mill margins, and the global sector's focus on decarbonisation and preference for higher grade iron ore.

Goldman notes Fortescue is trading at a premium to both Rio Tinto and BHP Group ((BHP)) on its estimates. The stock continues to trade at more than a 10% premium to Rio and BHP on an enterprise value to earnings basis, and at a more than 30% premium on a price to net asset valuation basis, despite being less diversified and having a lower margin and a lower free cash flow per tonne iron ore business.

Goldman Sachs has a Sell rating.

UBS' Sell rating reflects the broker's cautious iron ore outlook, resultant weaker earnings to free cash flow at a time of robust capex, and hence risk to returns.

First-look updates from both Citi and Morgan Stanley have those brokers retaining their Neutral (Citi) and Equal-weight (Morgan Stanely) ratings. Late-comer Morgans has equally retained its Hold rating.

Among the seven brokers monitored daily by FNArena there is one Buy or equivalent rating, against four Neutral/Holds and two Sells.

The consensus target among those brokers has fallen to $18.36 from $18.48, on a wide range from $15.00 (Macquarie) to $21.00 (Ord Minnett).

Jarden and Goldman Sachs also have Sell or equivalent ratings. Jarden's target has fallen to $17.08 from $17.24, and Goldman's drops -1% to $16.20.

Barrenjoey and RBC Capital have both sided with Ord Minnett, rating the stock Overweight-Outperform alongside a $21 price target.

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COMMODITIES

All Eyes On Woodside's Lousiana LNG Sell Down

With shareholder returns limited until new projects come online, a sell-down of Woodside Energy's Louisiana LNG is key to de-risking the balance sheet.

-Woodside Energy's 2024 performance largely in line with forecasts
-Dividend slightly ahead on 80% payout
-Growth projects progressing
-Market's focus shifts to Louisiana LNG sell-down

By Greg Peel

Last week oil & gas producer Woodside Energy ((WDS)) published key 2024 line items which included an -18% cut to earnings per share. This week the company released its full result, which slightly beat consensus on earnings due to lower costs.

The dividend of US53c was also slightly ahead of consensus and represented an 80% payout ratio. Gearing of 17.9% is within the company's 10-20% target range.

Woodside also announced a -US$150m cost reduction target over 2025.

Management at the energy producer sees "continued capacity to pay strong dividends", and that "scenario modelling assumes 80% dividend payout ratio". As a result, despite gearing projected to run a little above the 10-20% target range, Macquarie raises its payout assumption to 80% for now.

The broker agrees with distributing out the franking account ($1.6bn), however Woodside may end up having to pay for this via dilutive dividend reinvestment plans (DRP).

The CFO reportedly admitted gearing would peak above the top end of the 10-20% target range but that cash generation post the start-up of Scarborough LNG would provide an opportunity to look at additional returns. In Jarden's view this statement is the opposite of current consensus sentiment, which is focused on downside risks around the current payout ratio.

Jarden assumes Woodside reintroduces a DRP at the next result, for the next three dividends, but based on forecasts, investors may need to wait until 2029 before incremental returns are possible. This may change, the broker notes, if commodity prices are materially higher over the next few years or Woodside divests assets to reduce debt over this period.

Down in Louisiana

The key positive for Ord Minnett is that Woodside is in advanced talks with several parties to sell down its stake in the Louisiana LNG project to 50%, which would provide substantial relief to the balance sheet as the energy producer invests to replenish its production base.

Management reiterated confidence in reaching final investment decision (FID) readiness for the three-train Louisiana LNG development from the March quarter, and continues to emphasise the strong interest received from potential partners in the project, highlighting a competitive cost and permitting position compared to other US Gulf Coast projects.

While Citi doesn't expect FID will be at 50% equity, getting to this level in the coming months seems more likely. Management rhetoric is positive as expected, but Citi's focus is more about the White House pressuring allies in India, Japan, and Europe to buy more US LNG.

With Louisiana LNG being FID-ready, permitted, operated by a genuine tier 1 operator, and EPC-signed (engineering, procurement and construction), it makes Louisiana a path of least resistance for US LNG exposure, which for Citi is a short-term positive.

Longer term, there may be too many LNG projects sanctioned, seeing economies affected by lower long-term Henry Hub (US) to Japan/Korea Marker price spreads, but it's too early to tell. Along with the risk of Russian gas, Citi reiterates it is not a fan of Woodside having used its commodity super-profits on marginal greenfield US LNG.

This broker notes the Woodside board must accept the recent share price fall has accommodated the reduction in portfolio quality, and so any sell-downs will likely improve both sentiment and fundamentals.

Woodside confirmed EPC arrangements with Bechtel were priced on the 16.5mtpa project. Ordinarily a sell-down of this scale would be a material de-risking event, however, UBS notes investor expectations are high and perhaps largely factored in already.

UBS' industry channel checks confirm competition for equity and offtake in US LNG projects has strengthened with a number of competing projects (for partners and offtake) seeking to accelerate development plans.

The US Department of Energy announced in mid-February it has granted an LNG export license to Commonwealth LNG -- the first approval of a new LNG export project under Trump 2.0.

Woodside entered into binding LNG offtake from Commonwealth LNG for 2.5mtpa over 20 years back in 2022, and provided the project takes FID in September this year as now planned, would see Woodside committed for around 20mtpa from the US Gulf coast alone.

Growth Projects

Woodside is making strong progress in replenishing its production base to compensate for expected output falls by 2030 from existing projects, Ord Minnett notes. The capital expenditure and cash flow required to do this, however, will keep the balance sheet tied up for some time, thus limiting the prospects for shareholder returns until the new projects come on-line.

There is also significant execution risk, Ord Minnett warns, in the scale of the projects being undertaken, another reason for preaching caution on the stock.

Across the development portfolio, Trion is progressing ahead (over 20% complete) and Goldman Sachs understands most fabrication is expected to be completed in Indonesia which could avoid potential US tariff changes.

Beaumont New Ammonia (83% complete) cash costs were confirmed and Goldman continues to expect a 10% internal rate of return for the project over 30 years of operation.

Scarborough (80%) and Pluto Train 2 remain on track for first LNG cargo in the second half of 2026, with Pluto Train 2 expected to begin commissioning this year. All Scarborough Phase 1 wells are expected to be drilled and completed by the end of 2025, subject to offshore WA weather.

Disappointingly for Morgans, federal approvals continue to be pushed out on the North West Shelf (NWS) extension. This broker now sees a high probability that the NWS JV will not receive these approvals before the next federal election (depending on timing), as once the election is announced it would not expect any movement on NWS approvals, while the election itself could deliver an (even more) difficult political landscape for the project.

Caution Dominates

Woodside has suffered a perfect storm of external factors dragging on sentiment, Morgans suggests. Chief amongst these being some counter-cyclical acquisitions the market has labelled as negative to the point where Woodside now trades at a material discount to its smaller peer Santos ((STO)), despite having higher-margin earnings, a higher quality portfolio and a stronger balance sheet.

Believing the market is misjudging the Louisiana LNG project, which has a high probability of delivering equity sell-downs and execution under Woodside/Bechtel management, Morgans maintains an Add recommendation.

Morgans is on its own among the six brokers monitored daily by FNArena covering Woodside.

Woodside, an ASX20 company, remains an underweight for domestic fund managers, Citi notes. If the Louisiana LNG sell-down can genuinely reach 50% in the coming months, underweight could become a "pain trade" in the broker's view. Citi therefore no longer believes Sell is the right call, and upgrades to Neutral. The broker is "far from suggesting Woodside is a Buy" and continues to prefer Santos.

Macquarie retains Neutral. The Louisiana sell-down and FID is the main near-term catalyst, and this broker expects high-quality partners with a path to 50% and FID in the coming months, but a positive surprise on price might be difficult to achieve.

UBS estimates Woodside shares are presently implying an oil price of US$64/bbl versus Santos on US$60/bbl and Beach Energy ((BPT)) on US$61/bbl. UBS retains Neutral.

As noted, Ord Minnett is cautious on significant execution risk in the scale of the projects Woodside is undertaking. The capital expenditure and cash flow required to do this will keep the balance sheet tied up for some time, thus limiting the prospects for shareholder returns until the new projects come on-line.

Ord Minnett is on Hold.

Morgan Stanley has as yet published only a first-look report and retains Equal-weight.

The consensus target price among the six has risen (ever so slightly) to $26.73 from $26.27.

Goldman Sachs is Neutral-rated on Woodside on a full valuation (trading at 1x net asset value), ongoing Sangomar royalty risk, and limited near term production growth to offset commodity price weakness. Goldman's target is unchanged at $23.70.

Woosdside is doing a good job in replacing significant declines in base production by 2030, Barrenjoey admits. However, this does consume a lot of excess capital until that point in time, while also bringing significant execution and abandonment risk. Barrenjoey remains on Neutral with a target increase of 2% to $26.00.

With no major updates on existing (Scarborough, Trion, Beaumont Ammonia) or prospective (Louisiana LNG) growth projects or potential sell-downs, Jarden maintains an Overweight rating with a target increased to $27.00 from $26.60, primarily on a better than forecast 2024 net debt position.

SMALL CAPS

The Significance Of Cosmetique’s ASX Listing

The Significance of Stormeur's ASX Listing of Cosmetique for Australian Beauty and Wellness

By Ed Kennedy

Stormeur Ltd --the parent company of Cosmetique-- is set to launch on the ASX in March.

Its progress is not only interesting for the endeavours it's pursuing on its behalf, but also for the chapter it will contribute to the story of the wider beauty and wellness industry as a whole.

A Clear-Eyed View

In order to recognise the precise trends being seen in this area of the Australian economy, it's first important to recognise the particular differences that exist under the broad umbrella of the beauty and wellness' term.

For instance, while cosmetic surgery involves a beautification procedure, there can be different definitions as to what precisely cosmetic surgery is.

As an example, the Australian Government's Department of Health and Aged Care defines cosmetic surgery as "procedures that involve cutting beneath the skin".

But, if one considers a cosmetic dentistry procedure, it's clear the first definition wouldn't necessarily be satisfactory to describing procedures that involve treating a tooth (but not the skin inside the mouth).

In turn, the administering of an injectable treatment - such as botox - does penetrate the skin via a needle, but - though it still results in a cosmetic change beneath the skin - it does not involve making an incision in the same way as a scalpel would.

Healthdirect, also a government website, has a broader definition.

It holds cosmetic surgery is "any procedure which aims to improve your appearance".

That may tick more boxes when it comes to cosmetic surgery, but it wouldn't necessarily speak for the wellness industry.

Because practising yoga can fall under this term, and - though yoga practitioners of may speak of a glow' they get following it - it certainly couldn't be considered a medical procedure in the normal sense.

Thus, for this article, the discussion will focus on cosmetic procedures which which do not involve significant surgical procedures.

In turn, the discussion will not focus on wellness pursuits like yoga, which can increase health and wellbeing, but are not done via a medical procedure.

But, before turning to this discussion as it applies to Cosmetique, a brief mention is worth making regarding the surging demand being seen globally for the wide range of beauty and wellness offerings.

This is due to the ability of this trend to lift all boats' across the wide span of beauty, health, and wellness.

Social Media and the Surging Demand

While the history of plastic surgery procedures can be traced back to Ancient Egypt, there is no disputing changes in a far more recent period of time have contributed to its growth in demand.

A 2024 study by Boston University dermatologists found a correlation between the rate of social media use and the aspiration for cosmetic procedures.

Also, the easy availability of image editing tools means the capacity for people (even when not on social media) to easily alter their appearance and envision a different - and to their mind, improved - version of themselves is immense.

There is no doubt there are many people who pursue cosmetic procedures and are very happy with the outcomes.

Yet, it's also the case that there can be many ancillary benefits for the individual and the wider community from any effort that boosts a person's sense of confidence and positive feelings about their bodies.

For instance, those who (literally) invest in their appearance can also engage in healthy activities to maintain it, like regular exercise.

Such a pursuit will of course not only enhance the health of the person, but in a wider sense, reduce the burden on a nation's health system due to a healthier population.

Conversely, it's a reality that not all who pursue a cosmetic procedure are happy with their bodies following it.

True, this may not be solely attributable to a particular procedure - with the individual perhaps being happy with the procedure, but remaining unhappy overall with their appearance following it - but according to Dr. John Mingoia in a 2023 article from University of South Australia, "Research tells us that even after women get a cosmetic procedure, less than 40% are satisfied with their bodies post-surgery."

Collectively, all these aforementioned trends give context to the consideration of growth in the beauty and wellness sector.

Cosmetique's Story

Cosmetique was founded in 2017 in Western Australia by Dr. Vivek Eranki.

Prior to his role as Executive Chairman of Stormeur Group, Dr. Eranki has held roles as a cosmetic surgeon, CEO, and Assistant Editor of the ANZ Journal of Surgery.

The founding of Cosmetique occurred with the aspiration to see consumers "have access to high quality aesthetic treatments at affordable prices while retaining focus on patient safety and compliance."

Starting with one location in the northern Perth suburb of Joondalup, the business today hosts 17 locations across Western Australia, South Australia, Victoria, New South Wales, and Queensland.

As distinct from businesses which operate a stable of premises under a franchise model, Cosmetique locations are 100% owned by Stormeur.

Its upcoming ASX listing on 3 March, ASX code STR ((STR)), follows news in September 2024 of an IPO that sought a capital raising of $7m.

The capital was sought to fund the opening of four (two in Melbourne, two in Sydney) additional Cosmetique clinics.

It progresses toward this ASX listing with a notable differentiator under its belt.

As detailed on the Cosmetique website, it became "Australia's First Accredited Cosmetic Clinic clinic under the Quality Innovation Performance (QIP)."

The decision to voluntarily apply and obtain this accreditation is undoubtedly - especially when being able to lay claim to being the first business of its kind to do so - a delight to anyone on the Cosmetique team handling marketing matters.

This shows Cosmetique is not only pursuing professional practices in-house, but that it can also offer reassurance to would-be patrons who are concerned about the risks that can arise when treatments like laser procedures are done by those without sufficient training and skill.

A Laser Focus on Beauty

The history of the utilisation of lasers in beauty treatments is of course informed by the invention of lasers generally.

In this regard, anyone who strolls into a laser clinic today owes some credit to Albert Einstein for his endeavours regarding photons!

But, it's really from 1960 onwards that the modern usage of lasers for cosmetic purposes can be traced, with Theodore Maiman inventing the Ruby laser in the same year.

Thereafter, Dr. Leon Goldman, an American dermatologist and surgeon - credited as the the Father of Laser Medicine in Germany in 1979 during the Opto-Elektronic Conference - became the first person to use laser as a tool for treating a human skin disease.

Broadly speaking, the appeal of laser treatments stems from their capacity to provide results with minimal pain, relative speed, and comparatively smaller risk in contrast to alternative procedures.

For instance, someone seeking to improve the appearance of a varicose vein can look to sclerotherapy, but such a procedure would involve the use of a needle. If utilisation of a laser treatment to pursue the same result is possible, no needle would be necessary.

But while laser treatment can deliver results consumers are very happy with - and all procedures do come with some risk - it can also cause needless harm when there is absence of proper training and care.

As the Victorian government notes, "The application of light-based cosmetic treatments provides a range of benefits to consumers, but the delivery of these services comes with varying degrees of risk depending on the procedure performed."

In turn, "A wide range of operators provide services with lasers and IPLs. Many are qualified professionals who are trained in the use of lasers and IPLs for cosmetic purposes, however, services are also provided by operators with limited or no training."

And this is nub of the challenge providers that seek to use great skill and precision face in this market at present.

Even though it may be impossible to eliminate all risks with laser procedures, there is no doubt the risks can be greatly reduced when procedures are done by someone with skill and precision, in contrast to an operator that has been more cavalier in regards to their training and utilisation of the laser equipment.

In this regard, it's clear Cosmetique has indeed done some hard yards in seeking to show the services they offer come with a high level of understanding and care regarding the use of laser procedures.

Clearly, their efforts to stand out in a positive way within the sector will be an ongoing point of pride (and tool for persuasion with the market) going forward.

Treatments and Hip Pocket Pain

The post-pandemic years interwoven with high interest rates and inflation has seen many consumers cut back on non-essential spending.

In light of this, a reader may well imagine the aspirations of Stormeur regarding Cosmetique occur in a time of immense challenge regarding trends around consumer spending.

But, just as Stormeur is clearly bullish on the future demand for Cosmetique's services, data showing a wider context on spending supports the promising prospects of the business, even amidst the current cost of living crisis.

As a 2023 study by Finder found that 41% of the population were retaining their beauty appointments in their monthly budget. On average, those surveyed spent $431 each month.

In turn, 57% of women continued with some form of paid beauty treatment over the year prior to the study's release.

Certainly, these are surely not perfect numbers for anyone in the beauty business, but they also illustrate a strong resiliency within the sector.

Furthermore, for businesses that would typically provide services on an irregular schedule - think a few appointments a year instead of a monthly appointment that many may make for a haircut - they could be even more confident.

Someone trimming back their budget may elect to let their hair grow longer for a few months.

But, in many circumstances, a beauty treatment like a laser touch up' - where after an initial round of treatment with multiple appointments an occasional once or twice appointment a year to retain and/or restore optimal results may be required - or a botox session (with the Cleveland Clinic holding that the effects last three to four months) means it may not be necessary for patrons of such products to allocate funds for them every month, rather just occasionally.

Noting the Tech Tools that Can Aid Consumers and Business

Notwithstanding the issues cited that can arise by the use of tech as it relates to the beauty history, it's also clear that numerous emerging technologies are going to increasingly impact the broader beauty industry as we know it.

Already, AR/VR offerings are in use to allow consumers to try on goods virtually, allowing them to see how they would look without needing to physically place an item of clothing on their body.

Then, there's the growing capacity for AI to deliver cutting-edge analysis of an individual's hair and skin.

Think a combination of your own personal stylist, barber/hairdresser, and ChatGPT all-in-one.

As well as other eye-catching advances in their area - such as smart mirrors which can offer a person standing before them information about their appearance by its digital display on the mirror (kind've like a turbocharged version of a smartphone-connected set of bathroom scales) - the ongoing growth of smartwatches and other wearables is being seen.

These devices enable people to track key health data instantaneously with ease.

Yes, it's of course not all sunshine and rainbows - the cyber security concerns about an array of personal health data being acquirable and stored online are real - but it's also certain there is the potential for this technology (when its capacity for misuse and side effects are managed) to help optimise a person's health.

And also, to even diminish future health risks and anticipate emergency health episodes.

Will Stormeur's Listing See Cosmetique Drive a New Conversation?

The growth of Stormeur's Cosmetique is indeed very intriguing.

In turn, the team's endeavours to underscore their professionalism and safe practices not only offers a marketing advantage in the sector generally, but also augurs well for Cosmetique's capacity to attract consumers who may perhaps have otherwise not pursued treatments.

Thus, Stormeur's upcoming ASX listing and wider activities are surely efforts to watch with interest. Not only for what this company offers in its own regard, but also for what new and positive change it may drive more broadly in its industry.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 21-02-25

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

By Mark Woodruff

Guide:

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

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

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

Summary

Period: Monday February 17 to Friday February 21, 2025
Total Upgrades: 12
Total Downgrades: 20
Net Ratings Breakdown: Buy 59.62%; Hold 32.94%; Sell 7.44%

The third week of the February reporting season ended on Friday, February 21, 2025, with FNArena tracking twelve upgrades and twenty downgrades for ASX-listed companies from brokers it monitors daily.

Percentage increases in analysts' average earnings forecasts modestly outpaced declines, as shown in the tables below, while average target price rises were significantly larger than falls.

Separate to impacts from the flood of interim and final reports, Select Harvests features in the positive tables for both earnings and targets following a mixed AGM trading update, where a lower-than-expected FY25 crop volume estimate was outweighed by confirmation of further strength in almond prices.

While FY25 almond production guidance of 27,500-29,000t (at an average price of $9.2/kg) is below the previous estimate of around 29,500t, Bell Potter raised its FY25 and FY26 profit forecasts by 7% and 32%, respectively, driven by higher US dollar almond price assumptions and a weaker Australian dollar.

Highlighting the impact of price changes on forecasts, Ord Minnett only raised its price estimate to $9.0/kg, yet the broker's FY25 earnings forecast rose by 21% to $108m, with the net profit estimate rising sharply by 37% to $51m.

UBS raised its earnings forecasts but noted the stock has climbed 34% since the November result (September year-end), now trading at fair value relative to peers, leading to a downgrade to Neutral from Buy.

Elsewhere, UBS research resulted in De Grey Mining's average FY25 earnings forecast rising by 66%, while Syrah Resources' forecast declined by -12%.

This broker raised its gold price forecasts, increasing the year-end target by US$200/oz to US$3,100/oz and long-term by US$250/oz to US$2,200/oz. New price forecasts are well above consensus.

The updated view comes as expectations for US rate cuts are pushed out and is driven by ongoing official sector buying, haven buying, lack of positioning, and ongoing liquidity issues.

The analysts have Buy ratings for Northern Star Resources ((NST)), Perseus Mining ((PRU)), De Grey Mining ((DEG)), Gold Road Resources ((GOR)), SSR Mining ((SSR)), and Bellevue Gold ((BGL)).

Last week, the broker also upgraded Genesis Minerals ((GMD)) and Evolution Mining ((EVN)) respectively to Buy and Neutral, leaving Regis Resources ((RRL)) with the only Sell rating.

For Syrah Resources, UBS resumed research coverage after a long hiatus with a 30-cent target, down from 80 cents, and downgraded its rating to Neutral from Buy due to ongoing headwinds at both a company and industry level.

The company's primary asset, the Balama Graphite mine in Mozambique, remains under force majeure due to civil unrest in the country, triggering events of default with Syrah's creditors.

The broker's lower target was driven largely by cutting sales price and volume forecasts at Balama by up to -40% and -25%, respectively.

While graphite prices have likely bottomed, the analysts don't anticipate any near-term fundamental catalysts for a price re-rate, with Chinese synthetic capacity remaining an overhang.

Regarding impacts from the reporting season evident in the tables below, Ebos Group and Temple & Webster received two ratings downgrades apiece from brokers due to valuation, after respective misses and beats against consensus expectations.

A summary of broker views for these two companies and all the misses and beats from last week plus the full reporting season are available at https://fnarena.com/index.php/reporting_season/

Reading this Corporate Results Monitor helps explain the reasoning behind in-line results for both MA Financial and Coronado Global Resources, despite both companies registering the largest percentage moves in average target prices in the tables below.

While the earnings miss for Chrysos tallies in general with the largest earnings downgrade by brokers below, the Monitor explains the miss was marginal, highlighting the percentage decrease was magnified due to small numbers involved.

Apart from MA Financial, brokers awarded the largest rises in average target prices to Corporate Travel Management, Fletcher Building, Hub24, Judo Capital and a2 Milk co.

For a2 Milk Co, apart from posting a solid first half and gaining market share, the second half is set to enjoy several tailwinds https://fnarena.com/index.php/2025/02/18/a2-milks-it/

Total Buy ratings in the database comprise 59.62% of the total, versus 32.94% on Neutral/Hold, while Sell ratings account for the remaining 7.44%.

Upgrade

A2 MILK COMPANY LIMITED ((A2M)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 4/3/0

The first half results from a2 Milk Co beat expectations amid strong cash flow conversion. FY25 revenue guidance has been lifted and the EBITDA margin outlook is stronger.

Macquarie upgrades to Outperform from Neutral, noting the English label market remains positive for sales and margin. There are limited downside catalysts envisaged for the near term and the target is raised to $7.85 from $5.70.

ARB CORPORATION LIMITED ((ARB)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 4/1/1

Following a "solid" result in tough operating conditions, Macquarie raises its target for ARB Corp by 4% to $45.40 and upgrades to Outperform from Neutral.

The highlight, according to the analyst, was the Export segment with 1H sales growth of 15% year-on-year (US:Ex-US was 19%:14%), while Australian Aftermarket outperformed a soft market for new vehicle volumes.

Gross margins rose by 150bps year-on-year to a record 59.3% due to price rises and lower freight costs, explains the broker, and management expects a steady 2H gross margin percentage.

COCHLEAR LIMITED ((COH)) Upgrade to Neutral from Sell by UBS .B/H/S: 0/5/0

UBS notes Cochlear's cochlear implant (CI) unit growth was 6% year on year in 2H with stable pricing, and the company continues to expect 10% growth for FY25 implying uplift in 2H. The broker sees 10% unit growth as sustainable mid to long-term as penetration of the adult population increases slowly and steadily.

The broker sees continued strong CI sales (mid-term revenue growth forecast of 9%) as offsetting a lower services base from FY27 onward.

Target price rises to $285 from $270, and rating upgraded to Neutral from Sell.

The broker's upside and downside scenario points to $335 and $210 target price, respectively based on long-term CI revenue growth of 12% or 5%.

CHARTER HALL RETAIL REIT ((CQR)) Upgrade to Buy from Neutral by UBS .B/H/S: 4/1/0

Charter Hall Retail REIT reported 1H25 earnings per unit broadly in line with UBS' expectations.

The NTA valuation for the REIT advanced 10.6% over six months, with 99% of the portfolio revalued, the broker explains.

Management reaffirmed guidance for operating EPS of 25.4c and a distribution of 24.7c.

UBS upgrades Charter Hall Retail REIT to Buy from Neutral incorporating Hotel Property Investments ((HPI)) into forecast earnings with a target price of $3.69, from $3.79.

CORPORATE TRAVEL MANAGEMENT LIMITED ((CTD)) Upgrade to Add from Hold by Morgans .B/H/S: 4/3/0

Morgans highlights Corporate Travel's 1H25 result was weak, but better than expected, with highlights being strong earnings growth from North America and Australia/NZ.

The company lowered FY25 EBITA guidance to $197.2n from $209.9m which was unsurprising but better than the broker feared. The broker is confident this should be the last downgrade and has greater conviction in the company's growth outlook.

The broker's new upgraded FY25 EBITDA forecast is in line with guidance while the FY26 forecast of $239.0m is slightly below. Target price rises to $18.72 from $13.50, and rating upgraded to Add from Hold.

EVOLUTION MINING LIMITED ((EVN)) Upgrade to Neutral from Sell by UBS .B/H/S: 1/3/1

UBS has revised its gold price forecasts higher, increasing the year-end target by US$200 to US$3,100/oz and long-term by US$250 to US$2,200/oz, keeping the broker well above consensus.

The updated view comes as expectations for US rate cuts are pushed out and is driven by continued: 1) official sector buying, 2) safe haven buying, 3) lack of positioning and 4) ongoing liquidity issues.

Evolution Mining's target rises to $6.50 from $5.45, upgrade to Neutral from Sell.

GENESIS MINERALS LIMITED ((GMD)) Upgrade to Buy from Neutral by UBS .B/H/S: 5/1/0

UBS has revised its gold price forecasts higher, increasing the year-end target by US$200 to US$3,100/oz and long-term by US$250 to US$2,200/oz, keeping the broker well above consensus.

The updated view comes as expectations for US rate cuts are pushed out and is driven by continued: 1) official sector buying, 2) safe haven buying, 3) lack of positioning and 4) ongoing liquidity issues.

Genesis Minerals generated $60m of cash and equivalents in the Dec Q even as it invests to grow production toward its targeted 325kozpa by FY29, UBS notes.

On the higher gold price and including more potential for production growth, UBS upgrades to Buy from Neutral. Target rises to $3.90 from $3.00.

See also GMD downgrade.

LIGHT & WONDER INC ((LNW)) Upgrade to Buy from Neutral by Citi .B/H/S: 6/0/0

Light & Wonder announced the acquisition of US Grover Charitable Gaming for -US$850m in cash and up to -US$200m in earn-out payments based on revenue over the next four years, Citi details.

The broker notes Grover operates electronic pull tabs for charitable organisations in five states and will add this exposure to Light & Wonder's portfolio, generating US$135m in revenue in 2024.

The acquisition is subject to regulatory approval, with completion expected in 2Q25. Light & Wonder will use cash and debt financing.

Citi raises EBIT forecasts by 7% in FY25 and 17% in FY26 due to the acquisition and slightly higher estimates for the existing business.

Citi upgrades the stock to Buy from Neutral, lifting the target price to $200 from $156.

MONADELPHOUS GROUP LIMITED ((MND)) Upgrade to Add from Hold by Morgans .B/H/S: 2/3/0

Monadelphous Group has maintained guidance for high single-digit revenue growth in FY25 and a continued improvement in operating margins.

Morgans assesses material outperformance is dependent on recapturing margins not seen since FY19. A return to this level of profitability has occurred in the first half and this could be a major turning point, the broker adds.

Critically, there were no benefits from one-offs. The order book provides confidence in the growth outlook and, as a potential upgrade cycle begins, the valuation is considered undemanding.

The rating is upgraded to Add from Hold. Target is raised to $17.50 from $14.80.

NANOSONICS LIMITED ((NAN)) Upgrade to Add from Hold by Morgans .B/H/S: 1/2/0

Morgans upgrades Nanosonics to Add from Hold and raises the target price to $4.50 from $3.75 post what was believed to be a 1H25 that assisted with improving sentiment around the company.

The broker highlights the growth in the new stall base of 1,050 units over the period, noting a decline of -5% year-on-year but better than forecast, inferring pressure on hospital budgets is tempering.

Revenue came in slightly better than expected, and the analyst drew some optimism around the launch of Coris, which may be sooner than anticipated.

Management lifted FY25 guidance, another positive. Morgans raises net profit after tax forecasts by 14% and 9% for FY25/FY26.

NETWEALTH GROUP LIMITED ((NWL)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 1/6/0

Netwealth Group's interim result was excellent, in Ord Minnett's view, driven by a stellar revenue performance and further boosted by a lower tax rate. Looking forward, the operating environment remains fertile and the company's product and service proposition remain class-leading.

Positive equity markets, an active adviser market and a very strong product and service proposition are combining to drive the fertile new business environment for Netwealth, the broker suggests.

The growth outlook is very strong and Ord Minnett is forecasting a compound annual earnings growth rate of 26% over three years. Upgrade to Accumulate from Hold. Target rises to $33 from $31.

TREASURY WINE ESTATES LIMITED ((TWE)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 6/0/0

Treasury Wine Estates has downgraded FY25 earnings guidance because of reduced sales forecasts for lower-priced wines.

A stronger performance from the luxury portfolio, particularly Penfolds, allowed group earnings to be in line with expectations.

Ord Minnett observes the lower-priced division weakness (Treasury Premium Brands) is an issue that affects all makers of alcoholic beverages, a trend that only accelerated during covid.

The higher priced wines are grouped under 'Luxury'.

The broker assesses the PE multiple is inexpensive and there is potential upside to he target, which increases to $12.00 from $11.50. Rating is upgraded to Buy from Hold.

<u>Downgrade</u>

CHALLENGER LIMITED ((CGF)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 5/2/0

Ord Minnett was disappointed with the life insurance and investment performance in Challenger's first half result, although underlying earnings largely matched expectations.

The COE margin narrowed nine basis points to 3.11%, the broker notes, even as the company maintained the increasing proportion of longer-duration annuity sales should boost margins.

Ord Minnett reduces EPS estimates for FY25 by -1% and FY26 by -3%. Target is lowered to $6.65 from $6.85. The company is expected to struggle to grow the life book and margins appear to have peaked, leading to a downgrade to Hold from Buy.

CIVMEC LIMITED ((CVL)) Downgrade to Hold from Add by Morgans .B/H/S: 1/1/0

Civmec delivered a "disappointing" first half result as Morgans assesses both revenue and margins eased considerably quarter on quarter. The outlook commentary also appeared more negative with the order book declining to $633m from $800m in the first quarter.

The company has observed a shift in market conditions, which is driving delays in the awarding of key projects and also contributing to rescheduling. This should result in lower levels of activity during the second half with the potential to extend into the first half of FY26.

Morgans downgrades to Hold from Add and lowers the target to $1.10 from $1.40.

CLEANAWAY WASTE MANAGEMENT LIMITED ((CWY)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/2/0

Bell Potter lowers its target for Cleanaway Waste Management to $3.00 from $3.30 and downgrades to Hold from Buy.

While 1H earnings (EBIT) only missed the broker and consensus forecasts by -2% and -3%, respectively, and management expects to achieve the midpoint of FY25 earnings guidance, the analyst has concerns further out.

For the FY26 EBIT target to be exceeded, the broker believes commodity prices will need to remain supportive.

Execution risks are also noted around management's planned 2H uplift for the Liquid Waste & Health Services (LW&H) and Industrial & Waste Services (IWS) divisions and landfill volume recovery.

EBOS GROUP LIMITED ((EBO)) Downgrade to Accumulate from Buy by Ord Minnett and Downgrade to Sell from Neutral by Citi .B/H/S: 3/0/1

Ebos Group produced a first half result that was in line with forecasts. Ord Minnett observes the business is executing well on its revenue and cost initiatives and now forecasts FY25 EBITDA of $592m and net profit of $269m.

The business is "quality", the broker adds and should emerge from the transition period in FY25 with a well-established and diversified business model. Target rises to $37.00 from $35.50. Rating pulls back to Accumulate from Buy after the recent re-rating.

Citi downgrades Ebos Group to Sell from Neutral due to full valuation at a price-to-earnings ratio of 24x FY26 earnings estimates.

The company reported 1H25 EPS below consensus expectations by -2% due to higher finance costs, while underlying EBITDA was in line with forecasts.

Management reconfirmed FY25 EBITDA guidance, which the broker views as "conservative."

Citi lowers EPS estimates by -2% to -4% from FY25-FY27.

Sell. Target price cut to $32 from $33.

GENESIS MINERALS LIMITED ((GMD)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 5/1/0

Macquarie downgrades Genesis Minerals to Neutral from Outperform with an unchanged target price of $3.30.

The broker notes 1H25 results were in line with expectations, with net profit guidance provided in the 2Q25 update.

Management retained FY25 guidance, with year-to-date production at 47% of the mid-point. The analyst highlights the Laverton restart commenced halfway through 2Q25.

Net cash of $130m was below Macquarie's estimate due to higher-than-expected lease liabilities, likely related to equipment for Laverton.

Macquarie tweaks EPS estimates.

Earlier, in a first response, Macquarie noted Genesis Minerals reported 1H25 profit in line with expectations. Net cash was softer due to a higher lease/finance facility balance, more than the broker's expectation.

FY25 production and cost guidance was reiterated. This, Macquarie believed, signals the miner is on track to achieve its own guidance.

See also GMD upgrade.

HUB24 LIMITED ((HUB)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 2/5/0

Ord Minnet lifts Hub24's target price to $84 from $73 but downgrades the rating to Hold from Buy on recent share price strength.

The company's 1H25 EBITDA was 6% ahead of consensus on, with strong flow and funds under administration (FUA) growth complemented by operating margin expansion across both divisions.

Among the highlights was an upgrade to FY26 FUA target to $123-135bn vs the broker's $128bn estimate.

The broker highlights headcount growth is likely to re-emerge in 2H, driving the cost run-rate up marginally.

The broker reiterates it remains a very strong supporter of the Hub24 business.

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

In a second look at yesterday's 4Q update by Iluka Resources, Citi lowers its target to $5.60 from $6.10 and downgrades to Neutral High Risk from Buy High Risk.

The FNArena summary of yesterday's research by Citi follows.

Citi observes a disappointing December quarter report from Iluka Resources, with mineral sands revenue falling -17% below the analyst's estimate and zircon, rutile, and synthetic rutile volumes down -12%.

Pricing was mixed, with average zircon sand premium and standard prices below Iluka's guidance, down -4.8% on the prior quarter. Citi notes zircon prices declined from 3Q, while rutile and synthetic rutile saw slight increases.

Management plans to remove 130 roles, which Citi estimates will deliver a -$20m cost reduction for 2025.

The company indicated proposed tariffs on Chinese imports to Europe and other regions in 1H25 may benefit Western pigment producers.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 5/2/0

Morgan Stanley downgrades James Hardie Industries to Equal-weight from Overweight and lowers the target to $55 from $60.

The rise in US mortgage rates is considered a negative for US demand, particularly in terms of renovations which drives around 65% of the company's volumes in North America.

This is is likely to push out an earnings recovery and create downside risk for FY26, the broker asserts. Despite this the longer-term structural growth opportunity remains intact. Industry view is In-Line.

LENDLEASE GROUP ((LLC)) Downgrade to Neutral from Buy by Citi and Downgrade to Neutral from Buy by Citi .B/H/S: 1/3/1

Citi downgrades Lendlease Group to Neutral from Buy due to heightened short-term uncertainty around earnings.

The analyst points to "limited" positive news in the company's 1H25 earnings report despite management progressing well on the capital recycling strategy.

The company reported more writedowns of the development business, largely due to weakness in office-related projects, which points to a weaker construction result and lower development earnings in FY26.

Asset sales are becoming harder to achieve, and the buyback is dependent on them, the broker explains.

Until the earnings outlook improves or there is greater certainty on the buyback, Citi believes the stock remains cheap but is also remains Neutral rated.

Post first take, Citi lowers the target price to $7.50 from $80.

Citi downgrades Lendlease Group to Neutral from Buy due to heightened short-term uncertainty around earnings.

The analyst points to "limited" positive news in the company's 1H25 earnings report despite management progressing well on the capital recycling strategy.

The company reported more writedowns of the development business, largely due to weakness in office-related projects, which points to a weaker construction result and lower development earnings in FY26.

Asset sales are becoming harder to achieve, and the buyback is dependent on them, the broker explains.

Until the earnings outlook improves or there is greater certainty on the buyback, Citi believes the stock

remains cheap but it also remains Neutral rated.

NORTHERN STAR RESOURCES LIMITED ((NST)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 2/4/0

Bell Potter downgrades Northern Star Resources to Hold from Buy due to stock price appreciation while retaining the $20 target price.

The miner's 1H25 results presented no surprises, the analyst explains, with cash earnings of $1,146m, slightly above the broker's forecast and up 63% on the previous corresponding period.

Net profit after tax was slightly below Bell Potter's estimate. The company had a cash balance of $1,046m at the end of the period with $2.7bn in liquidity. Dividend of 25c per share was in line with expectations.

Hold. Target $20.

SELECT HARVESTS LIMITED ((SHV)) Downgrade to Neutral from Buy by UBS .B/H/S: 2/1/0

UBS downgrades Select Harvests to Neutral from Buy, with a higher target price of $5 from $4.40.

Due to the trend in almond prices to US$9.20/kg versus an estimate of US$8.50, the broker lifts earnings forecasts, offset by FY25 volume guidance, which is slightly lower at 27.5kmt-29kmt from 29kmt.

Management reconfirmed production costs as flat for the year.

UBS lifts earnings forecasts by 24% for FY25 and 14% for FY26 on higher almond price assumptions. EPS estimates rise by 12% to 32% for FY25 to FY27.

The stock has risen 34% since the November result and is now trading at fair value relative to its peers, the broker states.

SERVICE STREAM LIMITED ((SSM)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 1/2/0

Service Stream's "strong" H1 result beat Ord Minnett's forecast by 10%. A seasonally stronger contribution from the Telco segment and improving top line and margin growth within Utilities made up the difference, the commentary suggests.

Ord Minnett believes Service Stream remains well placed to service structural demand in the Utilities maintenance sector, underpinned by aging infrastructure and population growth.

Forecasts have been upgraded. The broker does highlight an element of risk/opportunity remains in Telco forecasts, with a major customer reviewing contractual arrangements across the sector.

Target lifts to $1.78 (up 7c), To take into account the extra risk factor, the rating has been pulled back to Hold from Accumulate.

SANTOS LIMITED ((STO)) Downgrade to Hold from Add by Morgans .B/H/S: 5/1/0

After updating oil price assumptions, Morgans expects a softer reporting season for oil & gas stocks yet envisages opportunities in those "unloved" names that have quality earnings and depressed valuations.

This does not include Santos (reporting February 19), where the broker has lowered its rating to Hold from Add as confidence falters ahead of the company's declining balance sheet. The target is reduced to $7.20 from $7.40.

Morgans does maintain a positive view on the business but finds it hard to look past the share price performance, expecting a decline in the dividend.

TELSTRA GROUP LIMITED ((TLS)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 4/1/1

Telstra Group's 1H25 revenue was in line with Bell Potter while underlying earnings were 1% ahead, driven by lower costs and a higher earnings margin. The increased dividend was in line a $750m on-market share buyback was announced.

Telstra reaffirmed all of its FY25 guidance metrics. Bell Potter has rolled forward PE ratio and sum-of-the-parts valuations so that FY26 is now the base year.

The net result is an increase in price target to $4.35 from $4.30. Given this generates a total expected return of less than 15%, Bell Potter downgrades to Hold from Buy.

TEMPLE & WEBSTER GROUP LIMITED ((TPW)) Downgrade to Sell from Hold by Ord Minnett and Downgrade to Sell from Neutral by UBS .B/H/S: 3/1/2

Temple & Webster provided first half earnings that were well ahead of expectations with the operating earnings margin of 4.2% signalling a faster run rate compared with prior guidance.

Ord Minnett expects some of that margin will be re-invested via price reductions to ensure revenue meets or exceeds the market's expectations for the second half.

EPS forecasts are raised by 19% for FY25 and by 9% for FY26 and this leads to an increase in the target to $13.15 from $11.50.

As the stock has nearly doubled in the last six months and with the attractive nature well discounted at current levels, this signals to Ord Minnett a reduction in the rating to Sell from Hold is in order.

UBS believes the jump in the Temple & Webster share price post the first half results is overdone, given the market was positioned for a strong trading update that, in its estimation, came in "slightly short".

January is considered seasonally one of the strongest months for the company and the implications of a growth slowdown are "worthy of some focus", in the broker's view. An upcoming federal election also poses some potential disruption risk.

UBS cannot justify the current valuations and downgrades to Sell from Neutral, raising the target to $15.50 from $11.80. Forecasts and valuation incorporate a long-term 15% EBITDA margin target which implies the market has now priced in this outcome.

REJECT SHOP LIMITED ((TRS)) Downgrade to Hold from Add by Morgans .B/H/S: 1/2/0

Morgans downgrades Reject Shop to Hold from Add while retaining the $3.50 target price, with net profit after tax forecasts lowered by -4% in FY25 and -3% in FY26.

Gross margins rose 100bps above estimate to 41.6%.

Noting the positive reaction to the 1H25 results, the analyst highlights the company exceeded expectations, with net profit coming in above forecast by 13%, although sales growth was lower than estimated by -1% at 3% as the merchandising mix changes.

The broker highlights like-for-like sales growth remains well below other discretionary retailers, and although management is rebuilding general merchandise, the results will take time to evolve.

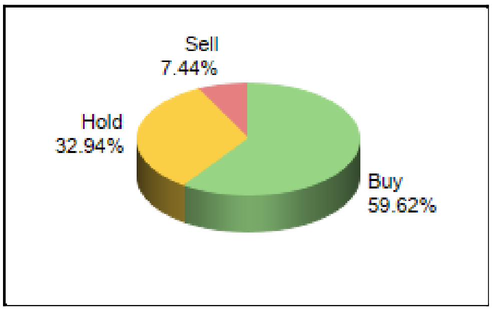
WESTPAC BANKING CORPORATION ((WBC)) Downgrade to Lighten from Hold by Ord Minnett .B/H/S: 1/0/4

December quarter earnings from Westpac were down -9% on the average of the prior two quarters, with the broker commenting narrower interest margins and increased staff costs more than offsett seasonally lower investment expenditure.

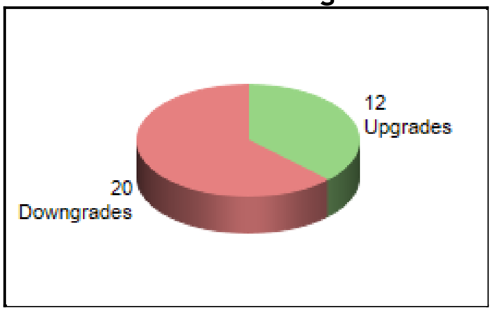
Ord Minnett is strongly of the view the bank should bring its accounts into line with the way its peers treat cash profit, as its differing policy makes comparison with market forecasts more difficult. Doing so could improve investor sentiment, in turn.

Rating is downgraded to Lighten from Hold, given the downside to the target of $27.

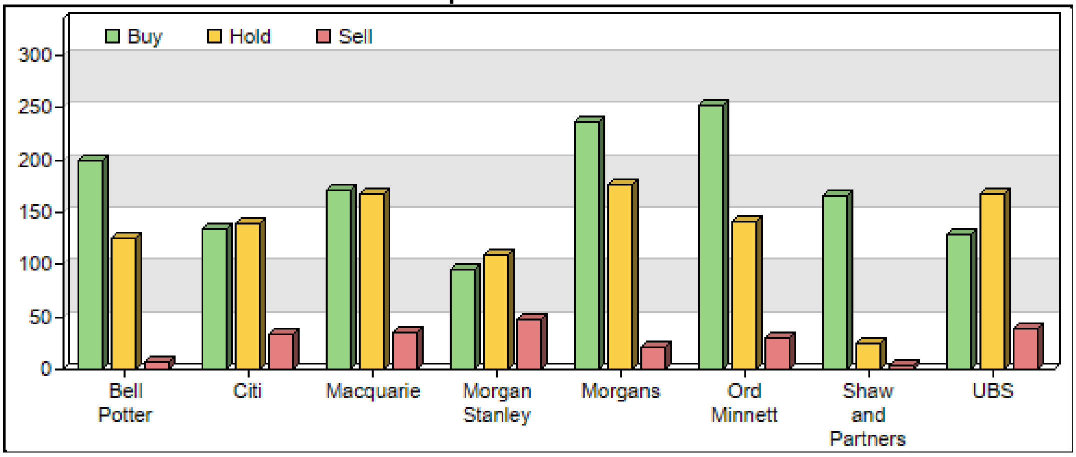
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	A2 MILK COMPANY LIMITED	Buy	Neutral	Macquarie
2	ARB CORPORATION LIMITED	Buy	Neutral	Macquarie
3	CHARTER HALL RETAIL REIT	Buy	Neutral	UBS
4	COCHLEAR LIMITED	Neutral	Sell	UBS
5	CORPORATE TRAVEL MANAGEMENT LIMITED	Buy	Neutral	Morgans
6	EVOLUTION MINING LIMITED	Neutral	Sell	UBS
7	GENESIS MINERALS LIMITED	Buy	Neutral	UBS
8	LIGHT & WONDER INC	Buy	Neutral	Citi
9	MONADELPHOUS GROUP LIMITED	Buy	Neutral	Morgans
10	NANOSONICS LIMITED	Buy	Neutral	Morgans
11	NETWEALTH GROUP LIMITED	Buy	Neutral	Ord Minnett
12	TREASURY WINE ESTATES LIMITED	Buy	Neutral	Ord Minnett
Downgrade				
13	CHALLENGER LIMITED	Neutral	Buy	Ord Minnett
14	CIVMEC LIMITED	Neutral	Buy	Morgans
15	CLEANAWAY WASTE MANAGEMENT LIMITED	Neutral	Buy	Bell Potter
16	EBOS GROUP LIMITED	Sell	Neutral	Citi
17	EBOS GROUP LIMITED	Buy	Buy	Ord Minnett
18	GENESIS MINERALS LIMITED	Neutral	Buy	Macquarie
19	HUB24 LIMITED	Neutral	Buy	Ord Minnett
20	ILUKA RESOURCES LIMITED	Neutral	Neutral	Citi
21	JAMES HARDIE INDUSTRIES PLC	Neutral	Buy	Morgan Stanley
22	LENDLEASE GROUP	Neutral	Neutral	Citi
23	NORTHERN STAR RESOURCES LIMITED	Neutral	Buy	Bell Potter
24	REJECT SHOP LIMITED	Neutral	Buy	Morgans
25	SANTOS LIMITED	Neutral	N/A	Morgans
26	SELECT HARVESTS LIMITED	Neutral	Buy	UBS
27	SERVICE STREAM LIMITED	Neutral	Buy	Ord Minnett
28	TELSTRA GROUP LIMITED	Neutral	Buy	Bell Potter
29	TEMPLE & WEBSTER GROUP LIMITED	Sell	Neutral	UBS
30	TEMPLE & WEBSTER GROUP LIMITED	Sell	Neutral	Ord Minnett
31	WESTPAC BANKING CORPORATION	Sell	Neutral	Ord Minnett

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	MAF	MA FINANCIAL GROUP LIMITED	8.307	6.623	25.43%	3
2	CTD	CORPORATE TRAVEL MANAGEMENT LIMITED	17.633	14.201	24.17%	7
3	FBU	FLETCHER BUILDING LIMITED	3.040	2.480	22.58%	4

4	HUB	HUB24 LIMITED	85.180	72.121	18.11%	7
5	JDO	JUDO CAPITAL HOLDINGS LIMITED	2.147	1.835	17.00%	6
6	A2M	A2 MILK COMPANY LIMITED	7.295	6.236	16.98%	7
7	SHV	SELECT HARVESTS LIMITED	5.550	4.783	16.04%	3
8	BSL	BLUESCOPE STEEL LIMITED	27.440	23.730	15.63%	5
9	BLX	BEACON LIGHTING GROUP LIMITED	3.703	3.207	15.47%	3
10	TPW	TEMPLE & WEBSTER GROUP LIMITED	16.958	14.800	14.58%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	CRN	CORONADO GLOBAL RESOURCES INC	0.990	1.170	-15.38%	5
2	MIN	MINERAL RESOURCES LIMITED	36.643	41.514	-11.73%	7
3	CGF	CHALLENGER LIMITED	6.897	7.543	-8.56%	7
4	RDX	REDOX LIMITED	3.383	3.683	-8.15%	3
5	SYR	SYRAH RESOURCES LIMITED	0.405	0.440	-7.95%	4
6	ABY	ADORE BEAUTY GROUP LIMITED	1.233	1.333	-7.50%	3
7	HCW	HEALTHCO HEALTHCARE & WELLNESS REIT	1.225	1.308	-6.35%	4
8	RMC	RESIMAC GROUP LIMITED	1.033	1.100	-6.09%	3
9	ASG	AUTOSPORTS GROUP LIMITED	1.850	1.967	-5.95%	3
10	IFM	INFOMEDIA LIMITED	1.867	1.977	-5.56%	3

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	CRN	CORONADO GLOBAL RESOURCES INC	0.366	-7.302	105.01%	5
2	DEG	DE GREY MINING LIMITED	-0.250	-0.750	66.67%	3
3	AMP	AMP LIMITED	10.775	7.675	40.39%	5
4	BSL	BLUESCOPE STEEL LIMITED	100.175	74.933	33.69%	5
5	MAF	MA FINANCIAL GROUP LIMITED	32.933	25.400	29.66%	3
6	SHV	SELECT HARVESTS LIMITED	26.700	21.067	26.74%	3
7	IGO	IGO LIMITED	-4.440	-5.660	21.55%	6
8	LGI	LGI LIMITED	8.867	7.633	16.17%	3
9	MIN	MINERAL RESOURCES LIMITED	-81.314	-95.157	14.55%	7
10	GQG	GQG PARTNERS INC	24.771	21.940	12.90%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	C79	CHRYSOS CORP. LIMITED	-2.833	-0.733	-286.49%	3
2	A1M	AIC MINES LIMITED	3.200	4.633	-30.93%	3
3	RRL	REGIS RESOURCES LIMITED	21.933	26.667	-17.75%	7
4	IFM	INFOMEDIA LIMITED	5.433	6.567	-17.27%	3
5	ILU	ILUKA RESOURCES LIMITED	41.160	49.600	-17.02%	5
6	AD8	AUDINATE GROUP LIMITED	-11.150	-9.950	-12.06%	4
7	SYR	SYRAH RESOURCES LIMITED	-17.328	-15.466	-12.04%	4
8	WDS	WOODSIDE ENERGY GROUP LIMITED	230.840	261.905	-11.86%	6
9	TCL	TRANSURBAN GROUP LIMITED	30.260	34.250	-11.65%	6
10	COH	COCHLEAR LIMITED	576.650	649.725	-11.25%	5

Technical limitations

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WEEKLY REPORTS

Uranium Week: Russia Come-Back Uncertainty

While the shorters follow the spot price, the experts are tuned into the uplift in contracting volumes to start 2025

-When the re-rating for Australian uranium stocks?
-Trump-Putin negotiations create uncertainty
-Spot U308 price swings remain volatile
-Macro nuclear energy trends remain upbeat

By Danielle Ecuyer

Russia Dominates Short Term

In its latest update on the uranium sector, broker Bell Potter took a deep dive into the macro-outlook for the commodity and the implications for Australian U308 miners.

The analyst forecasts a supply deficit until the end of the decade when larger uranium projects are due to come on stream. Supply chains remain delicately poised due to geo-political tensions, although a casual observer might suggest the Trump administration is bringing or attempting to bring Russia in from the cold.

A resolution to the Ukraine war may result in a relaxation of US sanctions against Russia which would ease restrictions over enriched uranium imposed in 2024 by the Biden Administration.

But let's stick with the assumptions at hand. Bell Potter is forecasting the uranium deficit to contract to -17mlbs in 2025 from -25mlbs in 2024 with the restart of mines placing an additional 8mlbs of supply into the market and Kazatomprom's latest update pointing to increased production.

As of January, there are 65 nuclear reactors under construction, of which 29 are in China. Accounting for net connections, some 5.33GW of nuclear capacity came on stream last year, based on seven new connections and four disconnections.

Spot pricing is expected to remain volatile, and points to speculation Kazatomprom physical trust placed over 2mlbs onto the spot market towards the end of 2024 which would account for the recent weakness in the U308 spot price.

The broker believes term pricing is likely to gain more support over the current calendar year, with long term offtake contracts sitting at 17mlbs for January compared to 110mlbs over 2024.

Due to contracting below replacement rates, or annual consumption, it is anticipated future contracting might have to be more robust to compensate.

Bell Potter highlights the gap between the short term U308 spot price around US$67lb versus the term price at US$81lb.

Turning to Australian stocks, the notable under-performance in 2024 against North American peers signals a possible rotation back into the more value end of the market with Boss Energy ((BOE)) and Paladin Energy ((PDN)) the most often quoted favourites.

As more certainty evolves around the restart of Honeymoon and Langer Heinrich, respectively, Bell Potter anticipates both stocks can benefit from a re-rating.

Boss is the top pick due to robust recent results and operations trending to FY25 guidance of 850klbs alongside lower-than-expected cost guidance from management.

Investors may seek greater clarity from Paladin over the stockpile issue, as highlighted at the recently quarterly update.

Bell Potter has Buy ratings on both Boss and Paladin with $4.85 and $10.85 target prices, respectively.

Speculative Buy ratings are ascribed to NextGen Energy ((NXG)), target $16.90, Deep Yellow ((DYL)), target price $1.65, Lotus Resources ((LOT)), target price 45c and Alligator Energy ((AGE)), target price 10c.

Spot price market continues to soften

Ongoing volatility characterised the U308 spot market. The weekly price falling -US$1.10 to US$65.25lb with ten transactions over the course of the week, as observed by industry consultants at TradeTech.

Six of the ten transactions were Cameco bound and both buyers and sellers continue to focus on the shifting narratives from the Trump administration on trade policy and tariffs.

TradeTech's Mid-Term price indicator came in at US$76lb and Long-Term price indicator at US$82lb.

Global commitments to nuclear energy continue to rise

In major updates, Japan approved its seventh Strategic Energy Plan, which targets 20% nuclear energy by 2040. The European Commission approved Belgium's revised plans for financing an extension of the Doel Unit 4 life and Tihange Unit 3.

The South Korean government has agreed to expand nuclear power generation with the development of new large-scale reactors and a small modular reactor by 2038. The aim is for nuclear power to reach 35% of total energy supplied by 2038.

In India, Vedanta Group is garnering bids for the construction of 5GW of nuclear capacity, which is planned to be employed by the miner for its facilities.

Boss Energy and Paladin, in that order, have the highest short interests on the ASX at 20.08% and 16.94%, respectively, with the latter up 0.89% over the last week.

For more of the latest update on uranium, see the following:

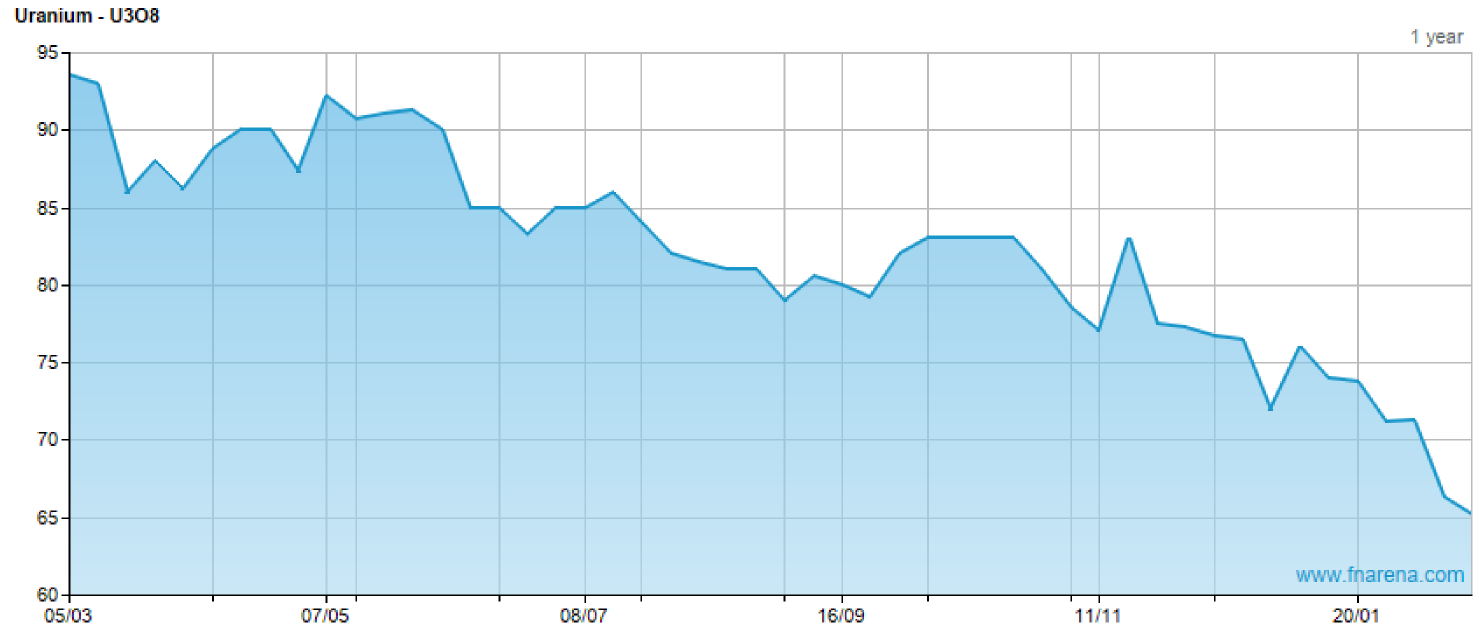
https://fnarena.com/index.php/2025/02/11/uranium-week-sharpen-your-bullish-horns/

https://fnarena.com/index.php/2025/02/18/uranium-week-confusing-spot-weakness/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	21/02/2025	0.0400	▼-20.00%	$0.14	$0.03			
AEE	21/02/2025	0.1200	0.00%	$0.26	$0.11			
AGE	21/02/2025	0.0300	0.00%	$0.07	$0.03		$0.100	▲233.3%
AKN	21/02/2025	0.0100	0.00%	$0.04	$0.01			
ASN	21/02/2025	0.0600	▼- 3.03%	$0.17	$0.05			
BKY	21/02/2025	0.4000	0.00%	$0.45	$0.27			
BMN	21/02/2025	2.6700	▼- 5.19%	$4.87	$1.90		$7.400	▲177.2%
BOE	21/02/2025	2.8700	▼- 7.23%	$5.99	$2.21	20.1	$4.017	▲40.0%
BSN	21/02/2025	0.0210	▲10.53%	$0.16	$0.02			
C29	21/02/2025	0.0600	0.00%	$0.13	$0.03			
CXO	21/02/2025	0.0900	▼- 1.14%	$0.26	$0.08		$0.090	
CXU	21/02/2025	0.0100	0.00%	$0.05	$0.01			
DEV	21/02/2025	0.0700	▼- 5.26%	$0.45	$0.07			
DYL	21/02/2025	1.1200	▼- 9.64%	$1.83	$0.91	-416.3	$1.810	▲61.6%
EL8	21/02/2025	0.2400	▼- 3.85%	$0.62	$0.23			
ERA	21/02/2025	0.0020	0.00%	$0.06	$0.00			
GLA	21/02/2025	0.0100	0.00%	$0.03	$0.01			
GTR	21/02/2025	0.0030	0.00%	$0.01	$0.00			
GUE	21/02/2025	0.0800	0.00%	$0.13	$0.05			
HAR	21/02/2025	0.0500	▲13.33%	$0.18	$0.03			
I88	21/02/2025	0.4400	▼- 4.26%	$1.03	$0.14			
KOB	21/02/2025	0.0600	▼-14.29%	$0.18	$0.06			
LAM	21/02/2025	0.6000	▼-20.00%	$1.04	$0.48			

LOT	21/02/2025	0.1800	▼- 7.50%	$0.49	$0.17		$0.533	▲196.3%
MEU	21/02/2025	0.0500	▼- 3.64%	$0.06	$0.04			
NXG	21/02/2025	8.9300	▼- 4.23%	$13.66	$7.89		$16.600	▲85.9%
ORP	21/02/2025	0.0400	0.00%	$0.12	$0.03			
PDN	21/02/2025	7.5900	▼- 4.74%	$17.98	$6.83	54.2	$11.575	▲52.5%
PEN	21/02/2025	0.9600	▼- 2.44%	$2.70	$0.98		$4.810	▲401.0%
SLX	21/02/2025	4.6200	▼- 8.46%	$6.74	$3.35		$6.900	▲49.4%
TOE	21/02/2025	0.2000	0.00%	$0.52	$0.19			
WCN	21/02/2025	0.0200	0.00%	$0.03	$0.01			



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WEEKLY REPORTS

The Short Report - 27 Feb 2025

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

Summary:

Week Ending February 20th, 2025 (most recent data available through ASIC).

GSBW34 refers to the Australian commonwealth bond 3.50% 2034.

XQLQAR refers to a bond by the Queensland state government, 4.50% coupon, 2035.

10%+

BOE	20.06%
PDN	17.07%
MIN	13.00%
IEL	12.33%
SYR	11.98%
PLS	11.94%
DYL	11.09%
SGR	10.78%
KAR	10.47%
LTR	10.24%

Out: GSBW34, DMP, DRO

9.0-9.9%

DMP	9.96%
LIC	9.94%
CTT	9.90%
DRO	9.14%
LYC	9.13%
JLG	9.13%
MP1	9.05%

In: DMP, DRO, JLG
Out: ADT

8.0-8.9%

ADT	8.67%
RIO	8.13%

In: ADT, RIO
Out: JLG, AD8

7.0-7.9%

SEK	7.93%
CUV	7.35%
GMD	7.32%

Out: RIO, CTD, EDV, CIA

6.0-6.9%

EDV	6.89%
BGL	6.89%
AD8	6.87%
STX	6.80%
CIA	6.78%
SLX	6.66%
CHN	6.46%
IMU	6.45%

In: EDV, AD8, CIA
Out: APE

5.0-5.9%

CTD	5.78%
LOT	5.75%
APE	5.74%
NHC	5.63%
RFF	5.61%
TWE	5.47%
INR	5.42%
WHC	5.33%
BMN	5.29%
SFR	5.15%
WEB	5.13%
IGO	5.06%
MGR	5.02%

In: CTD, APE, TWE, WHC, BMN, WEB, IGO, MGR

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.5	0.4	NAB	0.6	0.6
ANZ	0.3	0.3	QBE	0.2	0.2
BHP	0.4	0.4	RIO	8.1	7.8
CBA	1.1	1.1	STO	0.4	0.4
COL	0.4	0.6	TCL	0.8	0.9
CSL	0.5	0.4	TLS	0.2	0.2
FMG	1.5	1.4	WBC	0.6	0.6
GMG	0.4	0.4	WDS	2.2	2.0
JHX	0.7	0.7	WES	0.5	0.7
MQG	0.5	0.5	WOW	0.5	0.6

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 Case You Missed It - BC Extra Upgrades & Downgrades - 28-02-25

Broker Rating Changes (Post Thursday Last Week)

Upgrade

ANZ GROUP HOLDINGS LIMITED ((ANZ)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden believes ANZ Bank is on track to deliver super asset quality outcomes and its material relative valuation appeal is difficult to ignore. CommBank's ((CBA)) PE is 2x premium vs ANZ, the broker notes, as it upgrades the bank to Overweight from Neutral.

The analyst likes the Suncorp ((SUN)) Bank acquisition and notes incoming CEO Nuno Matos brings valuable experience in retail banking.

The 1Q25 update showed a 4% q/q rise in net lending assets, driven mainly by insto. Asset quality remains benign and CET1 at 11.55% was a tad lighter than expected, the broker notes.

Target price is $30.50.

ENVIROSUITE LIMITED ((EVS)) Upgrade to Overweight from Market Weight by Wilsons.B/H/S: 0/0/0

Wilsons analysts have upgraded Envirosuite to Overweight from Market Weight, maintaining the price target at $0.06. The company's 1H25 financial result proved in line with expectations, with revenue flat at $29.5m and EBITDA improving to $0.2m.

Annual recurring revenue (ARR) grew 9% to $65.7m, exceeding forecasts, while project sales doubled to $6m, indicating stronger future growth.

Management highlighted progress with NAV Canada and NASA contracts, as well as an upcoming deal via the Hitachi partnership. The broker sees upside potential from further ARR expansion and increasing traction in environmental monitoring markets.

Downgrade

AUCKLAND INTERNATIONAL AIRPORT LIMITED ((AIA)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Auckland International Airport's 1H25 normalised net profit missed Jarden's forecast by -NZ$15m, though the miss at EBITDAFI line was somewhat smaller at -NZ$7m. The airport's net profit guidance range of NZ$290-320m reflects a NZ$10m lift at the bottom end, the broker notes.

The broker highlights a worsening outlook for the fleet with ongoing engine maintenance delays alongside planned interior refurbishments suggesting 15-20% of its jet fleet will be out of service over the next two years. The analyst has factored these worsening projections into the near-term forecasts, reducing overall passenger volumes by a further -3-5%.

Net profit forecasts for FY25-27 cut by -4-8% on lower aeronautical and retail revenues linked to lower passenger volumes.Target price cut to NZ$8.00 from NZ$8.21, and rating downgraded to Neutral from Overweight.

AUSTAL LIMITED ((ASB)) Downgrade to Hold from Buy by Petra Capital.B/H/S: 0/0/0

Austal's 1H25 EBIT was ahead of Petra Capital's forecast due to higher non-sales revenue, and margin improved 66bps to 5%.

The broker notes this bodes well for the outlook, given the order book and tender pipeline, current productivity initiatives and pending REA outcome.

The company tweaked FY25 guidance to "not less than $80m" EBIT from $80m, and consistent with this, the broker lifted EBIT estimate by 11%.

Target price unchanged at $4.07. Rating downgraded to Hold from Buy as stock is now considered trading at fair value.

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

Cosette Pharma entered into a scheme of arrangement to acquire Mayne Pharma for $7.4/share or $672m. Canaccord Genuity believes this represents healthy value and upside for both parties.

The broker notes the board and majority shareholder Viburnum support the transaction, and the analyst would be surprised by a competing bid.

No changes to forecasts, with the broker looking forward to the 1H25 result for more colour on the transaction. Rating downgraded to Hold from Buy, and target price lifts to $7.40 from $6.25.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ANZ GROUP HOLDINGS LIMITED	Buy	Neutral	Jarden
2	ENVIROSUITE LIMITED	Buy	Neutral	Wilsons
Downgrade				
3	AUCKLAND INTERNATIONAL AIRPORT LIMITED	Neutral	Buy	Jarden
4	AUSTAL LIMITED	Neutral	Buy	Petra Capital
5	MAYNE PHARMA GROUP LIMITED	Neutral	Buy	Canaccord Genuity

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ABG	Abacus Group	$1.18	Moelis	1.41	1.45	-2.76%
AGY	Argosy Minerals	$0.03	Canaccord Genuity	N/A	0.10	-100.00%
ALC	Alcidion Group	$0.10	Canaccord Genuity	0.13	0.09	44.44%
ALL	Aristocrat Leisure	$74.22	Goldman Sachs	82.00	78.00	5.13%
ANZ	ANZ Bank	$29.89	Jarden	30.50	30.00	1.67%
APZ	Aspen Group	$2.68	Moelis	3.15	2.73	15.38%
ASG	Autosports Group	$1.87	Moelis	1.66	1.67	-0.60%
			Wilsons	2.58	2.86	-9.79%
AUE	Aurum Resources	$0.27	Petra Capital	0.59	0.63	-6.35%
BLX	Beacon Lighting	$3.49	Jarden	3.30	3.00	10.00%
BMT	Beamtree Holdings	$0.25	Petra Capital	0.50	0.56	-10.71%
BSX	Blackstone Minerals	$0.06	Canaccord Genuity	N/A	0.45	-100.00%
BXB	Brambles	$21.10	Goldman Sachs	18.50	16.30	13.50%
			Jarden	19.80	19.45	1.80%
CDA	Codan	$15.45	Canaccord Genuity	17.90	16.76	6.80%
			Moelis	18.43	18.15	1.54%
			Petra Capital	16.22	9.49	70.92%
CHC	Charter Hall	$17.21	Jarden	18.80	14.50	29.66%
COB	Cobalt Blue	$0.05	Canaccord Genuity	N/A	1.00	-100.00%
CSC	Capstone Copper	$9.54	Moelis	13.00	14.50	-10.34%
CTD	Corporate Travel Management	$16.70	Canaccord Genuity	18.80	14.40	30.56%
			Jarden	17.00	14.00	21.43%
CWP	Cedar Woods Properties	$5.50	Moelis	6.26	6.03	3.81%
CYG	Coventry Group	$1.15	Petra Capital	1.41	2.50	-43.60%

DOW	Downer EDI	$5.57	Goldman Sachs	5.70	N/A	N/A
DRE	Dreadnought Resources	$0.02	Canaccord Genuity	N/A	0.05	-100.00%
DTL	Data#3	$7.89	Goldman Sachs	8.45	8.25	2.42%
			Jarden	8.45	8.25	2.42%
DUR	Duratec	$1.63	Moelis	1.93	1.50	28.67%
DXB	Dimerix	$0.46	Petra Capital	1.28	1.37	-6.57%
DYL	Deep Yellow	$1.08	Canaccord Genuity	1.83	1.90	-3.68%
EHL	Emeco Holdings	$0.87	Canaccord Genuity	1.13	1.07	5.61%
EVS	EnviroSuite	$0.08	Moelis	0.06	0.07	-14.29%
			Wilsons	0.06	0.04	50.00%
FBU	Fletcher Building	$2.98	Goldman Sachs	2.85	2.65	7.55%
			Jarden	N/A	3.76	-100.00%
FMG	Fortescue	$17.15	Goldman Sachs	16.20	16.40	-1.22%
			Jarden	17.08	17.24	-0.93%
GDI	GDI Property	$0.64	Moelis	0.97	0.98	-1.02%
GL1	Global Lithium Resources	$0.18	Canaccord Genuity	N/A	0.60	-100.00%
GMD	Genesis Minerals	$3.23	Moelis	3.20	3.05	4.92%
GMG	Goodman Group	$32.10	Jarden	39.50	40.00	-1.25%
GNP	GenusPlus Group	$2.71	Moelis	3.22	2.78	15.83%
GOR	Gold Road Resources	$2.52	Canaccord Genuity	2.80	2.65	5.66%
			Goldman Sachs	2.80	2.75	1.82%
			Moelis	2.65	2.55	3.92%
GOZ	Growthpoint Properties Australia	$2.42	Moelis	3.07	3.32	-7.53%
GYG	Guzman y Gomez	$35.20	Wilsons	42.47	41.14	3.23%
HSN	Hansen Technologies	$5.01	Goldman Sachs	6.10	5.10	19.61%
HUB	Hub24	$78.00	Jarden	66.65	60.05	10.99%
IGO	IGO Ltd	$4.22	Goldman Sachs	5.30	5.60	-5.36%
ILU	Iluka Resources	$4.28	Goldman Sachs	7.00	7.40	-5.41%
JHX	James Hardie Industries	$51.33	Goldman Sachs	59.45	59.30	0.25%
JIN	Jumbo Interactive	$11.54	Wilsons	14.38	14.14	1.70%
JRV	Jervois Global		Canaccord Genuity	N/A	0.11	-100.00%
LAU	Lindsay Australia	$0.64	Wilsons	0.87	1.24	-29.84%
LBL	Laserbond	$0.43	Canaccord Genuity	0.85	1.10	-22.73%
LGL	Lynch Group	$1.77	Jarden	1.90	1.80	5.56%
LLL	Leo Lithium		Canaccord Genuity	N/A	0.45	-100.00%
LNW	Light & Wonder	$178.00	Canaccord Genuity	201.00	180.00	11.67%
			Goldman Sachs	172.40	171.90	0.29%
			Jarden	196.00	179.00	9.50%
MFG	Magellan Financial	$8.39	Goldman Sachs	10.20	11.00	-7.27%
MGH	Maas Group	$3.94	Moelis	5.19	5.81	-10.67%
			Wilsons	4.75	6.01	-20.97%
MIN	Mineral Resources	$24.17	Goldman Sachs	30.00	34.00	-11.76%
MP1	Megaport	$11.27	Canaccord Genuity	12.60	9.45	33.33%
			Goldman Sachs	9.50	8.00	18.75%
MYX	Mayne Pharma	$7.21	Canaccord Genuity	7.40	6.25	18.40%
NAB	National Australia Bank	$35.45	Jarden	38.00	37.00	2.70%
NAN	Nanosonics	$4.71	Canaccord Genuity	4.47	3.12	43.27%
			Wilsons	6.00	4.00	50.00%
NWL	Netwealth Group	$30.55	Jarden	24.95	24.00	3.96%
			Wilsons	32.54	30.33	7.29%
PLS	Pilbara Minerals	$2.02	Goldman Sachs	2.05	2.10	-2.38%
PWH	PWR Holdings	$7.85	Moelis	8.07	7.74	4.26%
PWR	Peter Warren Automotive	$1.38	Moelis	1.49	1.55	-3.87%
RFF	Rural Funds	$1.82	Wilsons	2.51	2.43	3.29%
RFG	Retail Food	$2.23	Petra Capital	4.25	0.11	3947.62%
RIC	Ridley Corp	$2.68	Wilsons	2.93	2.94	-0.34%
RIO	Rio Tinto	$116.69	Goldman Sachs	143.70	146.20	-1.71%
RRL	Regis Resources	$3.28	Goldman Sachs	2.85	2.80	1.79%
SBM	St. Barbara	$0.23	Petra Capital	0.64	0.67	-4.48%
SFR	Sandfire Resources	$10.77	Jarden	11.20	11.00	1.82%
SGP	Stockland	$5.09	Jarden	5.95	5.45	9.17%
SHA	Shape Australia	$3.05	Moelis	3.56	3.24	9.88%

			Petra Capital	3.59	2.84	26.41%
SHL	Sonic Healthcare	$28.03	Jarden	29.84	29.38	1.57%
SLC	Superloop	$2.18	Canaccord Genuity	2.58	2.52	2.38%
			Wilsons	2.48	1.91	29.84%
SLX	Silex Systems	$4.04	Canaccord Genuity	6.46	6.21	4.03%
STO	Santos	$6.56	Jarden	7.60	7.65	-0.65%
SUL	Super Retail	$14.10	Goldman Sachs	15.50	17.60	-11.93%
			Jarden	15.70	16.60	-5.42%
TAH	Tabcorp Holdings	$0.72	Jarden	0.75	0.65	15.38%
TCL	Transurban Group	$13.32	Jarden	12.40	12.30	0.81%
TLC	Lottery Corp	$4.85	Goldman Sachs	5.30	5.40	-1.85%
			Jarden	5.15	5.05	1.98%
TLX	Telix Pharmaceuticals	$30.38	Wilsons	35.00	25.00	40.00%
UNI	Universal Store	$8.94	Jarden	10.38	8.97	15.72%
			Petra Capital	10.00	8.25	21.21%
VCX	Vicinity Centres	$2.18	Jarden	2.60	2.50	4.00%
VNT	Ventia Services	$4.16	Canaccord Genuity	4.88	4.75	2.74%
WES	Wesfarmers	$74.74	Goldman Sachs	80.40	78.70	2.16%
WHC	Whitehaven Coal	$5.66	Goldman Sachs	9.20	8.90	3.37%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

APZ ASPEN GROUP LIMITED

Real Estate Overnight Price: $2.73

Moelis rates ((APZ)) as Buy (1)

Moelis analysts have maintained a Buy rating on Aspen Group, raising the price target to $3.15 from $2.73. The company's 1H25 financial result was in line with expectations, with operating earnings per share of 8.07c, up 18% year-on-year.

FY25 guidance was upgraded for the second time, now at 16.7c per share, reflecting strong operating momentum.

Management is accelerating its development business, with land lease settlements targeted to grow to 170 in FY27 from 110 in FY25.

The broker expects a 17% EPS compound annual growth rate through FY27, supported by an expanding development pipeline and higher rental income.

This report was published on February 21, 2025.

Target price is **$3.15** Current Price is **$2.73** Difference: **$0.42**
If **APZ** meets the Moelis target it will return approximately **15%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

> Moelis forecasts a full year **FY25** dividend of **10.00** cents and EPS of **16.70** cents.
> At the last closing share price the estimated dividend yield is **3.66%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.35**.

Forecast for FY26:

> Moelis forecasts a full year **FY26** dividend of **11.60** cents and EPS of **19.40** cents.
> At the last closing share price the estimated dividend yield is **4.25%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.07**.

Market Sentiment: **1.0**

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

DUR DURATEC LIMITED

Industrial Sector Contractors & Engineers Overnight Price: $1.71

Moelis rates ((DUR)) as Buy (1)

Moelis notes Duratec's 1H25 result revealed expanded EBITDA margin driven by mix shift and higher margin work within defence, and mining and industrial segments, and from self-perform contracts and early contract works.

The broker highlights the company's order book stood at $410m as of January end ($405m in August 2024) with good win rates on small to medium sized projects. Tender pipeline and pipeline have also grown strongly, with the broker keenly anticipating conversions.

The analyst raised FY25-27 EPS estimates by 3-4%, with margin expansion driving upgrades. Target price rises to $1.93 from $1.56, and Buy maintained.

This report was published on February 20, 2025.

Target price is **$1.93** Current Price is **$1.71** Difference: **$0.22**
If **DUR** meets the Moelis target it will return approximately **13%** (excluding dividends, fees and charges).
Current consensus price target is **$1.86**, suggesting upside of **7.9%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **4.20** cents and EPS of **10.30** cents.
At the last closing share price the estimated dividend yield is **2.46%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.60**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **10.3**, implying annual growth of **18.9%**.
Current consensus DPS estimate is **4.2**, implying a prospective dividend yield of **2.4%**.
Current consensus EPS estimate suggests the PER is **16.7**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **5.00** cents and EPS of **11.80** cents.
At the last closing share price the estimated dividend yield is **2.92%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.49**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **12.2**, implying annual growth of **18.4%**.
Current consensus DPS estimate is **5.5**, implying a prospective dividend yield of **3.2%**.
Current consensus EPS estimate suggests the PER is **14.1**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

GNP GENUSPLUS GROUP LIMITED

Infrastructure & Utilities Overnight Price: $2.67

Moelis rates ((GNP)) as Buy (1)

GenusPlus Group's 1H25 net profit beat Moelis' forecast by 10%, and the company reaffirmed guidance for at least 20% FY25 EBITDA growth implying $54m compared with 1H normalised EBITA of $27.4m.

The broker highlights the order book has almost trebled, growth continues across all business segments, and activity levels and contract momentum are very strong.

The analyst raised FY25 and FY26 EPS forecasts by 16% and 14% respectively after incorporating several acquisitions in the 1H and recent contract wins. Target price rises to $3.22 from $2.78. Buy maintained.

This report was published on February 24, 2025.

Target price is **$3.22** Current Price is **$2.67** Difference: **$0.55**
If **GNP** meets the Moelis target it will return approximately **21%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **3.00** cents and EPS of **17.20** cents.
At the last closing share price the estimated dividend yield is **1.12%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.52**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **3.20** cents and EPS of **18.10** cents.
At the last closing share price the estimated dividend yield is **1.20%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.75**.

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

HSN HANSEN TECHNOLOGIES LIMITED

IT & Support Overnight Price: $5.16

Goldman Sachs rates ((HSN)) as Buy (1)

Hansen Technologies' 1H25 revenue slightly missed Goldman Sachs' forecast but underlying EBITDA beat by 10%.

The broker highlights the strong January monthly result with year-to-date guidance of $67m suggesting full year guidance of $92-101m is largely de-risked.

The broker has re-affirmed its confidence in the company's ability to bring Powercloud margins toward 30% in FY27 with further room to cut costs in the mid-term.

On the negative side, the broker highlights there was greater than usual 2H skew with management noting some deferral of large customer implementations into 1H26.

The analyst pulled forward Powercloud profitability, and revised FY25-27 EBITDA and EPS forecasts by up to 2%. Target price $6.10 and rating remains at Buy.

This report was published on February 19, 2025.

Target price is **$6.10** Current Price is **$5.16** Difference: **$0.94**
If **HSN** meets the Goldman Sachs target it will return approximately **18%** (excluding dividends, fees and charges).
Current consensus price target is **$6.64**, suggesting upside of **30.7%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **10.00** cents and EPS of **21.00** cents.
At the last closing share price the estimated dividend yield is **1.94%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **24.57**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **19.5**, implying annual growth of **88.0%**.
Current consensus DPS estimate is **10.0**, implying a prospective dividend yield of **2.0%**.

Current consensus EPS estimate suggests the PER is **26.1**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** dividend of **11.00** cents and EPS of **29.00** cents.
At the last closing share price the estimated dividend yield is **2.13%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **17.79**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **26.6**, implying annual growth of **36.4%**.
Current consensus DPS estimate is **10.3**, implying a prospective dividend yield of **2.0%**.
Current consensus EPS estimate suggests the PER is **19.1**.

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

RFF RURAL FUNDS GROUP

REITs Overnight Price: $1.81

Wilsons rates ((RFF)) as Overweight (1)

Rural Funds' adjusted funds from operations (AFFO) in 1H25 beat Wilsons' forecast by 17% on stronger farming and other net income, though the broker comments this was largely due to timing differences.

Gearing increased modestly to 38.6% from 38.6% in FY24, but the broker sees potential for a material reduction, which would be a key share price catalyst along with growth resumption.

Wilsons made minor changes to property and farming revenue, leading to minor shifts in FY25-26 AFFO forecasts.

Target price rises to $2.51 from $2.43 on a roll forward in the base year to FY26. Overweight rating.

This report was published on February 24, 2025.

Target price is **$2.51** Current Price is **$1.81** Difference: **$0.7**
If **RFF** meets the Wilsons target it will return approximately **39%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **11.70** cents and EPS of **11.40** cents.
At the last closing share price the estimated dividend yield is **6.46%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.88**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **11.70** cents and EPS of **12.10** cents.
At the last closing share price the estimated dividend yield is **6.46%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.96**.

Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

SLC SUPERLOOP LIMITED

Telecommunication Overnight Price: $2.17

Canaccord Genuity rates ((SLC)) as Buy (1)

Canaccord Genuity is impressed by Superloop's 1H25 result, with the key highlight being gross cash conversion of 98% and 300bps expansion in EBITDA margin.

Consumer subscriber numbers rose further with 18k added in November/December alone to reach 360k versus the broker's 340k forecast.

Net cash position increased to $11m and the broker notes the debt capacity provides flexibility for M&A. The broker left FY25 EBITDA forecast intact, but increased FY26 by 1%. Target price rises to $2.58 from $2.52, and Buy retained.

This report was published on February 24, 2025.

Target price is **$2.58** Current Price is **$2.17** Difference: **$0.41**
If **SLC** meets the Canaccord Genuity target it will return approximately **19%** (excluding dividends, fees and charges).
Current consensus price target is **$2.61**, suggesting upside of **20.4%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **6.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **32.39**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **5.3**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **40.9**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **7.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **27.82**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **7.0**, implying annual growth of **32.1%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **31.0**.

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

UNI UNIVERSAL STORE HOLDINGS LIMITED

Apparel & Footwear Overnight Price: $8.86

Jarden rates ((UNI)) as Buy (1)

Universal store's 1H25 net profit was 6% ahead of Jarden's forecast, but the bigger news was the stronger-than-expected trading update for the first seven weeks of 2H.

The broker notes all brands performed exceptionally well, with the company not only gaining share from General Pants and Glue store closures but overall.

The broker sees the company's strategic importance and bargaining power increasing with landlords following those store closures, which supports its long-term store roll out forecasts.

The broker upgraded FY25-27 net profit forecasts by 2-6%. Target price rises to $10.38 from $8.97, and Buy retained.

This report was published on February 20, 2025.

Target price is **$10.38** Current Price is **$8.86** Difference: **$1.52**
If **UNI** meets the Jarden target it will return approximately **17%** (excluding dividends, fees and charges).

Current consensus price target is **$9.65**, suggesting upside of **7.5%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** EPS of **45.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **19.34**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **44.9**, implying annual growth of **-0.3%**.
Current consensus DPS estimate is **34.7**, implying a prospective dividend yield of **3.9%**.
Current consensus EPS estimate suggests the PER is **20.0**.

Forecast for FY26:

Jarden forecasts a full year **FY26** EPS of **54.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.41**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **53.8**, implying annual growth of **19.8%**.
Current consensus DPS estimate is **37.9**, implying a prospective dividend yield of **4.2%**.
Current consensus EPS estimate suggests the PER is **16.7**.

Market Sentiment: **0.9**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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