WEEK 20

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Friday, 16 May 2025

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Records Abound For Life360

Rudi's View: Awaiting The Real World Ramifications (continued)

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AUSTRALIA

The Market In Numbers - 10 May 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	10 May 2025	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12605.070	2.25%	5.90%	2.73%	-3.86%	7.58%
All Ordinaries	8462.60	0.08%	1.46%	5.08%	0.50%	5.60%
S&P ASX 200	8231.20	-0.08%	1.29%	4.94%	0.88%	5.97%
S&P ASX 300	8169.30	-0.01%	1.34%	4.98%	0.87%	5.98%
Communication Services	1771.10	1.16%	2.43%	9.05%	8.83%	17.98%
Consumer Discretionary	4067.30	0.43%	1.76%	7.92%	3.99%	15.83%
Consumer Staples	12860.80	1.71%	4.91%	10.30%	9.28%	3.90%
Energy	7431.10	0.81%	1.42%	-6.41%	-13.82%	-25.92%
Financials	8811.00	-1.05%	0.24%	5.85%	2.28%	15.07%
Health Care	41021.80	-3.15%	-0.92%	1.22%	-8.61%	-7.31%
Industrials	8134.70	1.52%	2.48%	4.83%	6.39%	19.43%
Info Technology	2574.40	2.23%	7.09%	13.91%	-6.07%	9.95%
Materials	16183.00	0.53%	0.60%	1.30%	0.36%	-4.12%
Real Estate	3833.90	1.32%	3.91%	10.00%	1.93%	7.60%
Utilities	9607.00	2.56%	4.04%	6.05%	6.36%	3.47%
A-REITs	1761.10	1.30%	3.95%	10.56%	2.48%	8.42%
All Technology Index	3677.10	2.50%	3.89%	10.79%	-3.37%	17.18%
Banks	3719.20	-2.59%	-1.04%	5.99%	3.13%	16.40%
Gold Index	12299.20	6.55%	6.50%	12.00%	46.01%	67.17%
Metals & Mining	5354.40	0.35%	0.23%	1.45%	1.88%	-3.53%

The World

Index	10 May 2025	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8554.80	-0.48%	0.71%	-0.33%	4.67%	4.79%
DAX30	23499.32	1.79%	4.46%	6.03%	18.03%	28.87%
Hang Seng	22867.74	1.61%	3.38%	-1.09%	14.00%	29.06%
Nikkei 225	37503.33	1.83%	4.04%	5.29%	-5.99%	-5.25%
DJIA	41249.38	-0.16%	1.43%	-1.79%	-3.04%	5.45%
S&P500	5659.91	-0.47%	1.63%	0.86%	-3.77%	3.65%
Nasdaq Comp	17928.92	-0.27%	2.77%	3.64%	-7.16%	1.11%

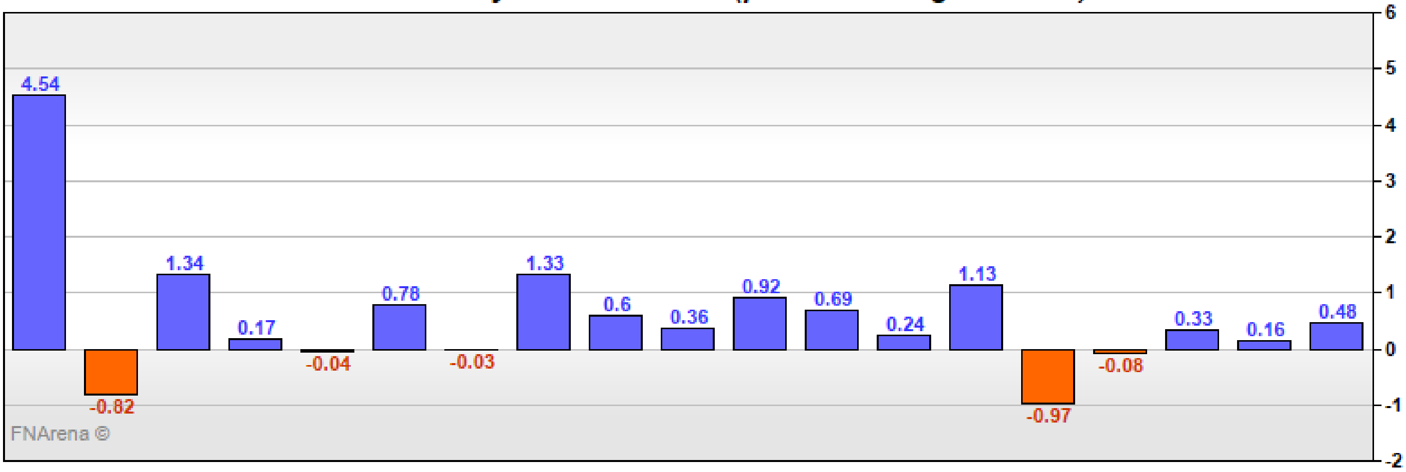
Metals & Minerals

Index	10 May 2025	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	3310.94	1.94%	-0.50%	5.89%	26.05%	41.62%
Silver (oz)	32.62	1.29%	-0.82%	-6.75%	7.93%	11.52%
Copper (lb)	4.5945	-0.77%	-5.45%	-10.83%	12.16%	6.02%
Aluminium (lb)	1.0929	-0.14%	-2.39%	-4.80%	-4.39%	-2.81%
Nickel (lb)	6.9760	2.47%	-0.03%	-4.08%	-2.36%	-10.31%
Zinc (lb)	1.1924	2.05%	-0.80%	-7.21%	-11.76%	-10.08%
Uranium (lb) weekly	70.00	5.26%	5.26%	9.38%	-2.78%	-15.92%
Iron Ore (t)	98.23	-1.03%	-1.63%	-5.34%	-5.40%	-7.77%

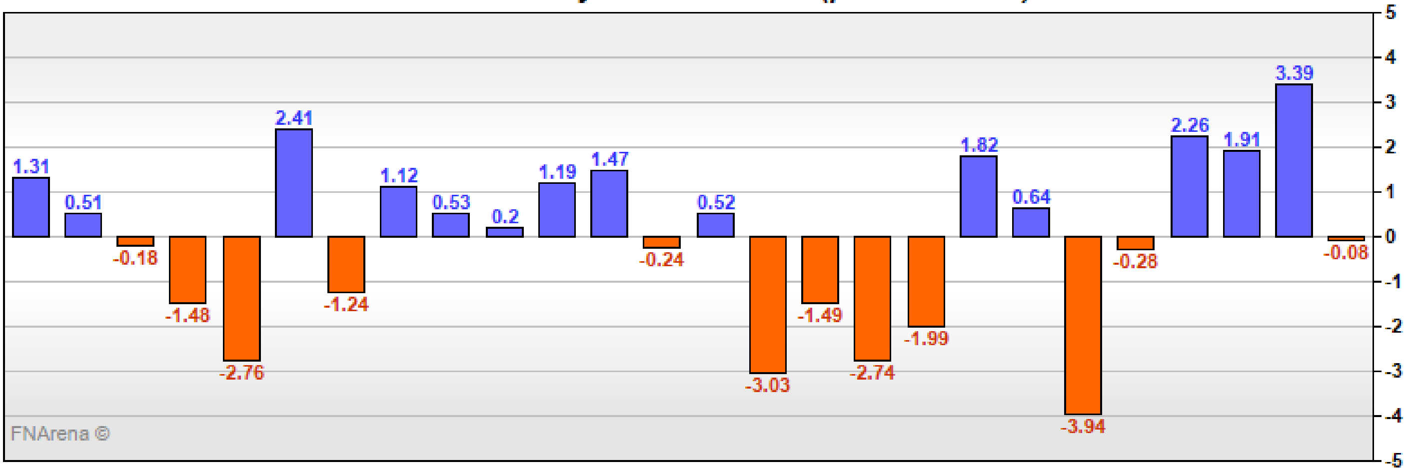
Energy

Index	10 May 2025	Week To Date	Month To Date (May)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	60.24	2.07%	-0.07%	-13.15%	-13.30%	-26.41%
Brent Crude	63.20	2.13%	0.40%	-13.14%	-12.90%	-26.03%

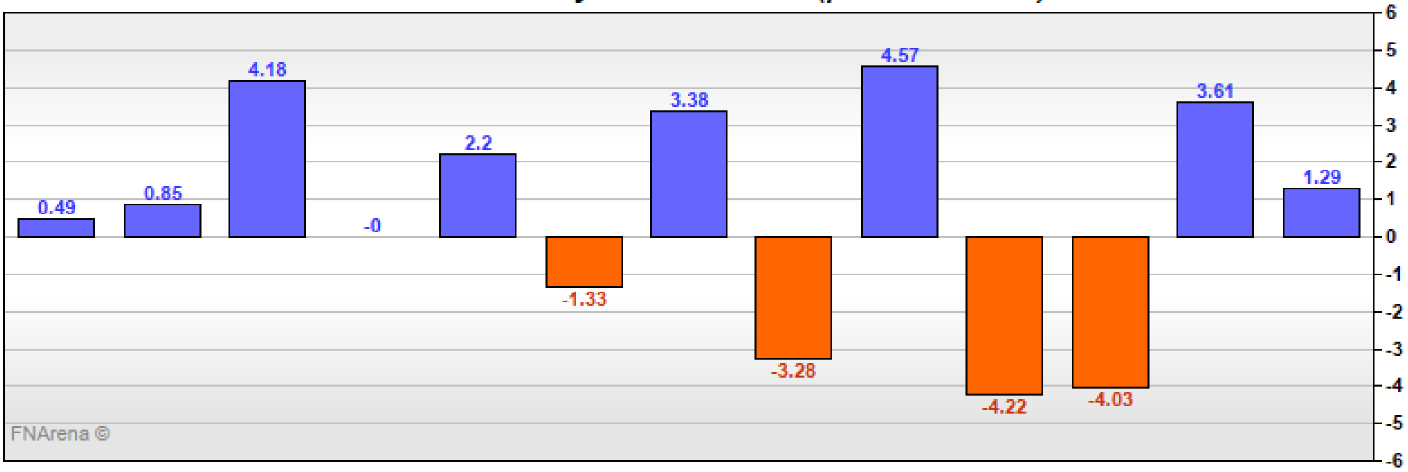
ASX200 Daily Movement in % (past 19 trading sessions)



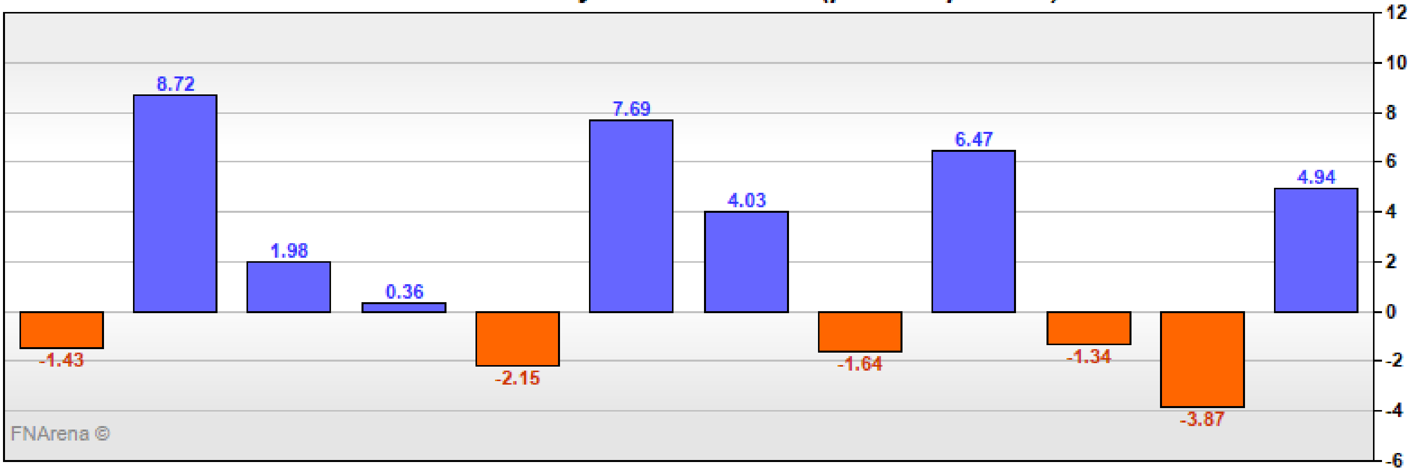
ASX200 Weekly Movement in % (past 26 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

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AUSTRALIA

REA Group Confident About Competition Threat

Third quarter results for REA Group largely met broker expectations as the market debates the impact of a new competitive force.

-REA Group's third quarter result largely meets expectations
-Strong domestic residential yield growth, flat core India revenues
-Key market debate centres on rising competition from CoStar/Domain
-Challenges for achieving further valuation re-rating

By Mark Woodruff

Market leader in property classifieds REA Group ((REA)) reported third quarter results broadly in line with expectations, highlighted by strong domestic residential yield growth, yet some analysts remain cautious and are waiting for a lower share price before adopting a more constructive view.

REA Group reported third quarter revenue of $374m, up 12% year-on-year, with earnings (EBITDA), excluding associates, also rising by 12% to $199m.

Holding strong market positions across Asia and the United States, the group's core business operates realestate.com.au, Australia's leading residential property website. REA generates most of its revenue from listing fees paid by real estate agents, as well as from premium products that increase property visibility through pricing tiers and depth-based advertising.

To gain an understanding of generic risks for the group, Goldman Sachs has previously listed lower-than-expected residential yield growth, due to lower pricing growth; greater-than-expected cost inflation, given investments into staff or marketing; and a greater-than-expected decline in Australia listings given the impact on housing from higher interest rates.

According to Macquarie, the first interest rate cut in four years, delivered in February, has buoyed buyer demand, and further cuts are expected to provide ongoing support. However, the Easter period and Federal Election disrupted market activity, and the second half of FY25 faces a challenging comparison to a year ago.

Management anticipates between two and four additional rate cuts through 2025, which is expected to support pricing and overall market conditions. For context, Macquarie assumes the Reserve Bank will reduce rates on four occasions this year.

Morgan Stanley was particularly impressed by REA Group's 15% yield growth in the third quarter, suggesting the market continues to underestimate the compounding impact of the company's pricing power, which it views as the key driver of long-term shareholder value.

While cost of labour remains elevated, Macquarie notes building material costs have moderated, and the developer market is seeing some green shoots, with the second consecutive quarter of growth in project commencements.

Despite these positive, Macquarie finds it hard to justify a valuation re-rating for REA from current levels, while the analysts at Citi would not be surprised if the stock trades down in the near-term, given US real estate analytics and marketplace giant CoStar Group has entered a binding agreement to acquire Domain Holdings Australia ((DHG)).

Currently, a key debate within the market is whether Domain can become more competitive under CoStar's ownership.

Morgan Stanley poses the question: can the REA group still achieve double digit increases, with this new market entrant? In short, the broker's answer is yes.

From the earnings call, Citi learnt management will not be changing its strategy or the level of investment and will essentially take a 'wait and see' approach given its strong market position.

To take a more positive view on REA Group at current levels, Jarden would like to see one or more of the following: a structural increase in housing turnover, greater adoption of new products such as 'Luxe', or clear evidence of success in the Indian market.

Third quarter results and FY26 prospects

Core Australian revenue grew by 11%, which included 12% growth in residential revenue. Yield was the key driver, notes Jarden, rising by 15% (10% price, 6% from depth and add-ons, -1% geographic mix).

According to Citi, this yield acceleration reflects take-up of Audience Maximiser (AMax), which continues to deliver record penetration, as well as Luxe, though management did not quantify either.

Audience Maximiser is a digital advertising solution designed to extend the reach of property listings beyond realestate.com.au, targeting potential buyers across various online platforms, while Luxe is a premium listing enhancement available exclusively to Premier Plus customers on realestate.com.au.

REA Group's yield growth refers primarily to the increase in average revenue per listing, often termed "buy yield", which reflects both price increases across its product tiers and changes in product mix.

Volumes were flat and revenue deferrals proved a -3% headwind, which the broker expects to reverse in the current quarter.

FY25 listings growth was between 1-2%, but April listings were down -11% due to holiday timing impacts, notes Macquarie. May and June will need to remain flat to reach the upper end of guidance.

Management's FY25 guidance for 1-2% listing growth and 13-15% yield improvement remains unchanged. The group is also guiding to 1-2% volume growth in FY25.

Commercial & Developer 'increased', according to management, with commercial outperforming developer. Media, Data & other was flat with growth in Campaign Agent offset by lower PropTrack and programmatic display revenues.

Driving FY26 residential revenue growth, Jarden forecasts substantial price increases for subscription products of over 30% but notes the introduction of a lower priced subscription tier with fewer features may partly offset this upside.

This broker also assumes Commercial & Developer revenue growth of 12% in FY26 as its base case, with yield a key driver. This projection may be conservative if Developer volumes can grow, highlight the analysts.

Goldman Sachs highlights two key negatives: flat Core India revenue in the third quarter, a sharp slowdown from the 15% growth recorded in the first half due to continued competitive pressures, and higher-than-expected cost growth.

Goldman analysts note elevated expenses are primarily timing-related, with fourth quarter operating cost growth expected to ease, marginally in Australia and more significantly in India.

Outlook

While it is still too early to form Buy Yield expectations for FY26, in Citi's view, promisingly, a number of national agencies have taken up Enterprise-wide Pro subscriptions.

UBS is prepared to make a call regarding upside risk to yield in FY26, citing management's strategy which encourages agents to push Audience Maximiser to vendors.

Additionally, UBS suggests interest rate cuts should continue to support healthy demand/activity and the third quarter uplift in developer project commencements could signal an inflexion in the outlook after a challenging period.

While retaining a Hold rating, Morgans also acknowledges the strong market position and growth opportunities for REA Group (both domestic and offshore) and continues to look for an attractive entry point to snap up some stock.

Following the group's third quarter result, the average target price of seven brokers covered daily by FNArena only fell to $269.14 from $269.43, suggesting around 12% upside to the share price at the time of writing.

Of those seven brokers, Bell Potter (Buy) and Ord Minnett (Hold) are yet to update their research post the result. Citi, UBS and Morgan Stanley are Buy-rated or equivalent while Morgans and Macquarie are on Hold.

Outside of daily coverage, Goldman Sachs (Buy) and Underweight-rated Jarden have respective targets of $269 and $210.

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AUSTRALIA

Macquarie Pleases The Sceptics

For the first time in eight reporting periods, Macquarie Group has posted earnings in line with expectations, while also retaining guidance despite global uncertainty.

-Macquarie Group's FY25 result meets forecasts
-FY26 guidance retained despite global uncertainty
-Outlooks vary among divisions
-Short term forecasts balance bull and bear cases

By Greg Peel

Last Friday Macquarie Group ((MQG)) reported an FY25 profit result of $3.7bn, up 5.5% year on year and in line with consensus. The strong share price reaction on the day (up 3%) was likely in some part due to the fact, as UBS points out, it was the first time Macquarie met expectations in eight reporting periods.

The final dividend of $3.90, following a first half dividend of $2.60, exceeded $3.80 consensus.

Divisionally, Macquarie Asset Management (MAM), boosted by a big jump in performance fees and successful asset sales, including its helicopter leasing unit, and the Banking and Financial Services (BFS) business, driven by lower staff costs and increases in both the loan and deposit books, delivered higher-than-expected contributions.

BFS delivered a robust FY25 performance, Morgans suggests, with net profit up 11% year on year, benefiting from a combination of loan portfolio growth (up 19%) and deposit growth (up 21%), together with lower expenses (which offset margin compression and some higher credit impairment charges).

On the flipside, the market-facing Commodities and Global Markets (CGM) division, for which reduced client hedging activity and timing delays in booking earnings related to US energy and gas contracts, proved a drag (down -12%), and the Macquarie Capital (MacCap) operation, which recorded lower investment returns, missed market expectations.

The market was no doubt also pleased that, despite the global market turmoil occurring since the FY25 closing date (Macquarie's fiscal year ends in March), triggered by Trump's "Liberation Day" on April 2, management has retained FY26 guidance of circa 13% growth in earnings and $4.2bn in profit.

Riders on the Storm

Brokers all agree the current environment of peak global uncertainty and day-to-day market volatility makes it difficult for Macquarie to provide guidance and for analysts to forecast performance.

Macquarie is exposed, both positively and negatively, to the market environments in which it operates, Ord Minnett notes, and this means company earnings guidance for the year ahead carries greater risks than might be the case for other businesses, noting most of Macquarie's recent trading updates have led to downgraded guidance.

In the short term, Ord Minnett's scenario analysis suggests FY26 earnings could land in a wide range, from a bottom end of $3.8bn in a bear market to a top end of $5.3bn in a bull market. At current price levels, Ord Minnett calculates the market is discounting a 45% chance of a bullish outcome and a 55% probability of a bearish outcome.

Predicting Macquarie's revenue is challenging, UBS agrees, due to the uncertainties of global trade conflicts and changing policies. Overall, UBS has raised its short-term cash earnings estimates for FY26 by 4.1%, but has lowered forecasts for the following years, reducing estimates by -1.6% for FY27 and -9.5% for FY28.

The biggest reductions in earnings are expected from the MAM division, which is currently undergoing changes that will continue after the sale of the North American and European Public Investments business is finalised at the end of 2025.

Return on Equity

Macquarie's FY25 return on equity of 11.2% compared to 10.8% a year ago. RoE nevertheless remains below peers, and Morgan Stanley believes investors would like to see a roadmap for Macquarie to return to a mid-to-high teens RoE.

While the economic/financial outlook is uncertain, Macquarie retains several levers to improve RoE regardless of the cycle, Citi suggests, including reinvesting $3bn-odd of gross proceeds from the sale of North Americana and European public markets, exiting "green" investments to release some $1bn of equity investment and -$250m of opex, the ongoing share buyback of $1bn, and further "seasoning" of the equity portfolio.

Citi sees the greatest risk in FY26 centred around MAM net operating income, commodities and MacCap investment-related income. However, the broker notes the MAM income outlook is set off a conservative base and with a potentially material public markets gain on sale, commodities expectations are set off an "average" year; and MacCap investment-related income has gradually evolved towards a greater reliance on private credit, for which momentum continues.

Morgans points out while CGM activity was lower in the period, Macquarie did point to continued growth in its underlying client franchise, which bodes well for future CGM activity.

The investment case, in UBS' view, continues to hinge around asset realisations, capital deployment and performance fees in private markets, validation around the sustainability of profits within CGM and improvements in capital market activity, beneficial to MacCap.

Consensus forecasts still have Macquarie's return on tangible equity below its ten-year average of 17.0%.

The Wider Picture

Macquarie's foresight in identifying global trends, such as the digitisation of the economy, infrastructure expansion as urbanisation intensifies, and the energy transition, recent green energy setbacks notwithstanding, and its track record of shrewd investment decisions to profit off those trends, makes the investment bank an attractive investment option on a medium-term view, Ord Minnett believes.

Ord Minnett retains an Accumulate rating and $210 target.

Macquarie is a quality franchise, and with a recent pullback in the share price occurring linked to macro and global trade factors, Morgans sees upside and has upgraded to an Add recommendation from Hold, increasing its target to $223.89 from $218.57. Morgans sees more reasonable value now with Macquarie trading around 18x FY25 earnings and offering mid-to-high single digit earnings per share growth over the next few years.

While visibility remains low on economic conditions, given optionality on the balance sheet and the stock having de-rated to five-year averages, Citi upgrades to Neutral from Sell with a $200 target price.

UBS values Macquarie on a PE-relative sum-of-the-parts basis, with multiples differentiated by business, franchise quality, geography and outlook for earnings growth. Despite a de-rating, UBS suggests Macquarie is currently trading above historical levels, at a forward PE of 17x and a price to tangible net asset value of 2.4x, hence this broker remains on Neutral with a target of $225, down from $235.

Morgans Stanley's low-end, probability-weighted price target of $191 is based on a split of 25% bull case, 60% base case and 15% bear case, with the skew reflecting Macquarie's structural growth options in infrastructure and private markets.

Morgan Stanley retains Equal-weight.

Five brokers monitored daily by FNArena cover Macquarie Group, and Macquarie is, of course, not one of them. After two upgrades the five are now split into two Buy or equivalent ratings and three Holds.

Between ups and downs, the consensus target has risen to $211.58 from $206.31.

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AUSTRALIA

Records Abound For Life360

Tracking technology company Life360 posted March quarter records across several metrics, putting almost literally a rocket under the share price.

-Life360's March quarter earnings beat by 75%
-Acceleration in subs and active users
-Software outperforms, hardware underperforms
-Potential reduction in Apple fees offers upside

By Greg Peel

California-based Life360 Inc ((360)), which listed on the ASX in 2019, is an information technology company providing location-based services, including sharing and notifications, to consumers globally. Its main service is a location-based service designed primarily to enable friends and family members to share their location with each other.

The company generates earnings through subscription apps, wearable hardware and "other", such as advertising to its growing database of non-paying contacts.

Life360's March quarter results featured a record quarter for subscription revenue, annualised monthly revenue (AMR), Paying Circles (groups of selected members) and monthly active users (MAU). Against consensus, revenue beat by 3% and earnings by 75%.

Importantly, Morgan Stanley notes, MAU growth re-accelerated to 4.1m net adds from 2.8m in the December quarter, and Life360 added 137k net Paying Circles versus 54k a year ago. Growth in paid subscriptions came despite tweaks to pricing that yielded an 8% increase in average revenue per subscriber.

The performance from Hardware was soft (but 360 does not see the current uncertain tariff environment as having a "material" ongoing impact), while MAUs (up 26% year on year) disappointed the lofty expectations of some, suggests Ord Minnett.

Goldman Sachs expects Life360 to largely mitigate the impact from tariffs by re-directing hardware from the US to international markets while manufacturing capacity is shifted to relatively more tariff-favorable regions such as Malaysia or Vietnam. In Goldman's view, this will not impact the timing of key releases (Pet tracker in the upcoming December quarter) but may impact the scale of the launch.

As always, this assessment is subject to change as tariff rates and targets continue to be altered.

Historically, Life360 subscription revenue guidance is conservative and reliable, notes Morgan Stanley. AMR again surprised to the upside. Transactional hardware (lower margin) has been more challenging. This trend has continued, with paying subs accelerating year on year and management lowering hardware sales estimates, though units shipped were flat year on year.

To that end, 2025 guidance was re-iterated for US$450-480m in revenue and earnings of US$65-75m, but included an increase to subscription revenue guidance of US$5m and a reduction in hardware revenue guidance of -US$5m.

<u>Opportunity</u>

Goldman Sach saw a strong performance, driven by subscriptions revenue growth (up 33% year on year) with International MAU growth accelerating (39%) and US MAU growth remaining robust (17%). International monetisation remains relatively low compared to the US, notes Goldman, (49% of MAUs and 15% of subscription revenue), highlighting the longer term growth opportunity that supports the broker's investment thesis.

Hardware revenue was marginally down year on year driven by a reduction in bundled offerings and an increase in discounts. Indirect revenue of US$12.8m (up 99% year on year) was primarily driven by increases in partnership revenue (US$4.5m) and a renegotiated data agreement with Placer.ai.

Encouragingly for Ord Minnett, Life360 announced two new partnerships with Aura/MetLife and AccuWeather, continuing a recent string of such deals (Uber, Hubble, Arity, Placer.ai). With a global base of some 84m MAUs and growing, these high-margins partnerships continue to add an element of upside optionality to the Life360 thesis, Ord Minnett suggests.

One of the key discussion points from the company's earnings call focused on the potential benefits to Life360 from possible changes in App Store policies from Apple, notes RBC Capital. While striking a cautious tone for the near term, management was notably more upbeat on the longer term.

At present, Life360 pays commissions of circa 20% on subscription revenue to its channel partners. Over the longer term, management expects this rate could reduce given increased regulatory scrutiny on the space. RBC forecasts a terminal commission rate of circa 16% but notes a reduction to high single digit commissions would have a material impact on earnings.

On RBC's estimates, an 8% commission rate commencing in 2030 would result in US$700m of incremental earnings over the following seven years.

<u>Positive Views</u>

Bell Potter has increased the multiples it applies for Life360's enterprise value to revenue and enterprise value to earnings valuations from 8.5x and 50x to 9x and 55x due to the strong March quarter result and potential for a guidance upgrade at the first half result in August.

The net result is an 11% increase in Bell Potter's target to $31.25 and an unchanged Buy rating.

With long-term growth options incrementally improved with the added downward pressure on Apple fees, Goldman Sachs retains Buy with a $31.00 target, up from $27.00.

Morgan Stanley points to challenges including hardware, tariffs and June quarter margins, but nevertheless lifts its target to $32.00 from $28.60 and retains Overweight.

Ultimately, Ord Minnett views the March quarter producing another high-quality result from Life360 and maintains Buy, with a 9% increase in target to $27.10.

RBC Capital has lifted its target to $30.00 from $26.00 and retains Outperform.

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AUSTRALIA

Dyno Nobel Flicks The Switch To Blasting

After revealing consensus-beating interim results, Dyno Nobel intends to transition to blasting services only.

-Dyno Nobel's interim results beat consensus forecasts
-Transition Program on track, and separation strategy update
-A smaller Dyno is aiming for stable, higher quality earnings

By Mark Woodruff

Global leader in commercial explosives Dyno Nobel (formerly Incitec Pivot) ((DNL)) reported consensus-beating first-half underlying earnings from its Explosives business.

The company also realised $25m in net benefits from its Transformation Program and management touted key milestones achieved in the separation strategy announced in September.

The company previously operated two customer-facing divisions: Dyno Nobel, which provides mining services across EMEA and Asia Pacific, and Incitec Pivot Fertilisers, a leading fertiliser manufacturer and distributor along Australia's east coast.

A binding agreement to sell the fertiliser distribution arm (IPF Distribution) to Ridley Corp ((RIC)) for $300m is now in place.

Ridley also has put/call options to subsequently acquire the Geelong North Shore property for $75m.

Comprising explosives and technical blasting services, Dyno Nobel is one of the largest industrial explosives distributors in North America and Australia.

When the separation is completed, Chief Executive Mauro Neves stated, **"The explosives business will be a smaller company, but it will be more stable with a higher quality of earnings".**

The company manufactures ammonium nitrate-based explosives and initiating systems, and nitrogen-related industrial and specialty chemicals. Operations are largely US-based, with management highlighting tariff impacts are expected to be minimal with mitigation measures.

Dyno is a critical supplier of explosives and blasting technology to the Bowen Basin's major coal mines, anchored by its Moranbah ammonium nitrate plant.

Blasting is an essential step in extracting the minerals required to meet the world's demand for power, infrastructure and consumer goods. Construction, mines, quarries and seismic explorers use Dyno Nobel products to achieve safety goals and improve operational efficiency.

Excluded from the Ridley acquisition is the Phosphate Hill fertiliser manufacturing operation, as well as the closure and remediation costs associated with the Gibson Island (sold for $100m) and Geelong manufacturing operation.

Management also executed an agreement to sell the company's offtake agreement with Perdaman Chemicals and Fertilisers to Macquarie Group's ((MQG)) Commodities and Global Markets business for gross proceeds of up to $145m.

The total expected net fertiliser proceeds are $606m, with $437m due to settle in the second half of FY25 and the remaining $169m across FY27-FY28. The total includes $121m in working capital benefits from Geelong import transition and Phosphate Hill separation.

Management noted proceeds will be used to reduce debt and repay its $285m trade working capital facility.

The Phosphate Hill strategic review is progressing with an outcome no later than September this year. If there isn't a buyer, these operations will likely be closed, suggests Morgans.

The company's suspended buyback has re-started immediately post result. Around -$88m was spent in the first half with up to -$663m still outstanding.

The board declared an interim dividend of 2.4 cents.

<u>First half results</u>

Interim earnings (EBIT) of $174m proved 8% better than the consensus forecast, assisted by a lower D&A charge, notes Morgan Stanley. Dyno Nobel reported first half profit ex individually material items (IMIs) of $88m above the consensus forecast for $74m.

Dyno Nobel Americas (DNA) outperformed, while Dyno Nobel Asia Pacific (DNAP) underwhelmed due to extreme first-half weather impacts in Queensland.

Adverse weather plus lower related Ammonium nitrate (AN) demand in the Bowen Basin led to a reduced production guidance at Moranbah to 270-280kt from 290-300kt prior. Demand is expected to normalise in the second half.

Phosphate Hill FY25 production guidance of 740-800kt is unchanged. Work on the Phosphate Hill review continues, with a decision expected no later than September. Management noted engagement with an unspecified party conducting due diligence.

Profit including IMIs was $7m for the half compared to a -$148m loss at the same time last year.

IMIs totalling -$80m (after tax) primarily relate to costs associated with the announced closure of the Geelong manufacturing plant and a non-cash impairment of the Fertilisers manufacturing facility at St Helens in Tasmania.

<u>Transformation program</u>

Macquarie notes Dyno's Transformation Program is on track with $25m of benefits delivered in the first half compared to $64m in FY24.

Management re-iterated the Program's target to double earnings (EBIT).

If circa $600m in FY27 is the new group earnings base for the Explosives business, Morgans notes this level is lower than the consensus forecast for $642m (includes Fertilisers), suggesting the sale of Fertilisers is dilutive but should be replaced by higher quality Explosives earnings.

<u>Outlook</u>

The first half result is a step in the right direction, on Morgan Stanley's assessment, but the analysts feel the market will wait for a full fertiliser separation.

Following interim results and the fertiliser separation update, the average target of six daily covered brokers by FNArena fell to $2.92 from $3.21 earlier this month.

The new average target suggests nearly 10% upside to yesterday's closing share price, ex dividends.

Of the six brokers, Ord Minnett and UBS are Buy-rated, Morgans, Citi, and Morgan Stanley are on Hold, and Macquarie is currently under research restriction.

Outside of daily coverage, Goldman Sachs has a Buy rating alongside a $3.05 target price.

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

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

RUDI'S VIEWS

Rudi's View: Awaiting The Real World Ramifications (continued)

By Rudi Filapek-Vandyck, Editor

Holding out a proverbial carrot in front of global financial markets is a highly effective strategy.

It worked for the first Trump administration, as it has worked on many other occasions too. After we all digested the shock of an all-out tariff attack on global trade, markets can now bask in the positive news flow towards a less trade-restrained environment for the US economy and its many trade relations.

The most visible consequence is that equity indices are either at or near their all-time record high, or quickly recapturing most of the 'correction' that followed upon the first tariffs shock.

In Australia, the ASX200 is back into positive territory year-to-date, led by defensive segments and with energy, healthcare and small caps as notable laggards. Shares in Wesfarmers ((WES)) and Hub24 ((HUB)) are both setting new all-time highs, both coincidentally around $80.

If we didn't know any better, we might conclude the outlook for markets has now been de-risked, but that might prove too simplistically optimistic, even though recent news flow has surprised to the upside, and this includes corporate updates both domestically and in the USA.

Profits In The USA

Without getting too deeply into the finer details, but the current quarterly results season in the US has, overall, supported the strong bounce in share prices.

Doom scenarios and bearish forecasts aside, corporate America has clearly not been torpedoed by White House antics and the world's largest megacaps have mostly surprised to the upside, including through confidence and ongoing investments into GenAI.

Equally important though, most positive outcomes are situated in Growth and AI-levered segments, with **smaller cap companies noticeably revealing more risk and disappointments**.

No surprise thus when market strategists at Citi declare their ongoing preference for Growth and large caps, as these are the defensives with positive momentum and ongoing upside potential in 2025.

Profits In Australia

In Australia, the picture looks similar, but different.

Institutional investors do have a preference for larger cap exposures. Growth stocks such as Pro Medicus ((PME)), WiseTech Global ((WTC)), Xero ((XRO)) and TechnologyOne ((TNE)) have equally quickly recaptured positive momentum, even as WiseTech management issued a cautionary note about the quarters ahead.

The same observation can be made for the likes of Life360 ((360)), Megaport ((MP1)), Netwealth Group ((NWL)), and REA Group ((REA)), though not for the likes of IDP Education ((IEL)), Readytech Holdings ((RDY)), Serko ((SKO)), or SiteMinder ((SDR)).

Local AI-beneficiaries have equally sprung to life again, also helped by a re-assuring fresh mega-contract announcement by data centres operator NextDC ((NXT)).

Share prices of Infratil ((IFT)), DigiCo Infrastructure REIT ((DGT)), Goodman Group ((GDG)) and Macquarie Technology ((MAQ)) have equally experienced renewed buyers' interest, though all are still well off from price levels witnessed earlier in the year.

As any experienced veteran investor will confirm, smaller cap companies not supported by a megatrend such as data centres represent a higher risk proposition when stubborn inflation, tariffs and slowing growth dominate the outlook.

Australian portfolios have had their share of profit warnings already, but it's only fair to say the general picture hasn't been all negative in recent weeks.

On Monday, as I am writing Weekly Insights, Dyno Nobel ((DNL)), previously known as Incitec Pivot, has managed to outperform market expectations with an interim performance that has gone backwards from last year, but by less than most forecasters had penciled in. Its share price is thus being rewarded on the day.

Dyno Nobel's 'outperformance' follows in the footsteps of Orica ((ORI)), Kelsian Group ((KLS)) and Maas Group Holdings ((MGH)); all companies that had been in the sin bin and previously ignored, but a better-than-feared operational performance has re-invigorated the share price.

Irrespectively, there's no denying Australian investors have already seen plenty of **profit warnings and operational disappointments** in recent weeks, and it's probably best to expect more of the same for the weeks ahead.

The travel industry is clearly feeling the pain, with each of Flight Centre ((FLT)), Corporate Travel ((CTD)) and Helloworld Travel ((HLO)) issuing profit warnings, but there have equally been signals from companies including Amcor ((AMC)), Aurizon Holdings ((AZJ)), James Hardie ((JHX)), Judo Bank ((JDO)), Reliance

Worldwide ((RWC)), Sigma Healthcare ((SIG)) and WiseTech Global that pressure is real and tangible, and building.

Similar to observations made throughout the February results season: on average, smaller cap companies receive a much larger punishment than their larger cap peers, for which the share price in some cases hardly experiences a downward blip.

Signs Of Divergences

Apart from positive negotiations (apparently) between the US and China, the question remains whether corporate performances can remain a positive, market-supporting factor.

Let's just say there are plenty of sceptics around.

For starters, economic data and most corporate updates are not yet reflective of the full impact of US import tariffs as well as the uncertainty they create.

Hence why some market watchers are already putting the onus on the next quarterly result season in the US. That might prove a more accurate and timely litmus test.

In the meantime, while earnings forecasts for American companies have stabilised, they are still trending downwards nevertheless and **analysts at RBC Capital** have observed an underlying trend of pushing out capex intentions and delaying investment decisions.

The larger cap companies are continuing to spend, but this is mostly AI-driven, and not representative of the broad corporate sector generally. In response to heightened uncertainty, more companies are now limiting their outlook to the one quarter ahead.

Also, as one institutional commentator opined this week: *"Even if tariffs on China are dialed back to 50-60% that would still represent the largest tax increase since the 1960s (tariffs are effectively a tax).*

"That might subtract 2-3% from GDP and 10-15% from corporate earnings.

"The second challenge is that the Federal Reserve is unlikely to ease the policy rate in the near term."

UBS Is Positive, And Worried

Analysts at UBS have taken their concerns to the global stage, highlighting a decline in global GDP by -1% normally translates into a weakening of global profits by some -5%. The latter number grows larger for countries where domestic demand weakens too.

To retain a positive pulse in global corporate profits, GDP growth needs to remain above 0.3%.

UBS has a constructive view for US and global equities between now and year-end, projecting some 8% return potential, but is worried about what might happen in the months ahead when the impact from tariffs and uncertainty will start showing up in economic data, indicators and corporate performances.

The US economy is not expected to experience a recession (negative growth) but a projected 0.5% GDP growth still suggests a significant slowing from the 2.4% recorded in the final quarter of 2024. The first quarter saw growth decline by -0.3% but those numbers have been distorted by corporate anticipation of tariffs through advance imports, so that outcome is not representative.

UBS is modeling a **Moderate Tariffs scenario** which suggests EPS growth globally of 5% and 3% for corporate America (S&P500). Currently, consensus is set for 9% growth for both, suggesting what other market watchers have been flagging too: markets look 'expensively' priced on earnings forecasts that look too high.

That Moderate scenario assumes 60% tariffs on China and 10% universally and for certain sectorial tariffs.

Not A Lay Down Misere

One offsetting factor is institutional investors are believed to still hold above-average levels in cash, having largely not participated in the strong recovery off April lows.

Factor number two is central banks, including the Federal Reserve and the RBA domestically, are still projected to lower interest rates, which could cushion economic impact and re-stimulate economic activity.

A resounding Labor majority in the 47th Australian parliament should also bode well as policies regarding medicare, childcare services, housing and utilities bill relief are more likely to sail through parliament, and quicker.

Meanwhile, the public discussion whether equity indices might revisit the lows recorded in early April continues unabated.

Macquarie suggests the lows will be seen again. UBS would be surprised it that happens. **Goldman Sachs** in the US keeps referring to bear market rallies, also suggesting investors better keep their eyes peeled on the downside potential.

Says the global strategy team: *"The recent rally in equities and Cyclicals versus Defensives, and a decline in equity risk premium, seem incompatible with downside economic risks and, even if a recession is avoided, valuations remain expensive, particularly for the US market."*

A mild US recession, on Goldman Sachs' assessment, could easily pull back US equity indices by -20%, also helped by above-average index concentration.

Strategists at Citi note the S&P500 is yet again approaching their year-end target of 5800 and they cannot see any justification for the index to sustainably rally above that level.

My personal five cents worth is the Australian share market should be able to outperform US equities on much less impact from tariffs and the prospect of RBA rate cuts, but there's most definitely potential for markets to go through more challenging times from the moment economic data show weakness and general tariff fatigue kicks in.

Meanwhile, FNArena is keeping a close eye on what's happening with **local earnings forecasts**:
https://fnarena.com/index.php/2025/05/12/weekly-ratings-targets-forecast-changes-09-05-25/

Our **Corporate Results Monitor**: https://fnarena.com/index.php/reporting_season/

More reading: https://fnarena.com/index.php/2025/04/30/rudis-view-awaiting-the-real-world-ramifications/

Model Portfolios, Best Buys & Conviction Calls

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

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A subscription to FNArena (6 or 12 months) comes with an archive of Special Reports (21 since 2006); examples below.

(This story was written on Monday, 12th May 2025. It was published on the day in the form of an email to

paying subscribers, and again on Wednesday as a story on the website).

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions. All views are mine and not by association FNArena's see disclaimer on the website.

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

RUDI'S VIEWS

Rudi's View: 30 For '30 & Best Buy Convictions

By Rudi Filapek-Vandyck, Editor

Analysts at **UBS** have updated their **30 for '30 global equities list**, which is an attempt to identify higher quality companies with a dependable, solid, sustainable growth path ahead for the coming five years, at least.

Given similarities with my own personal research into ASX-listed All-Weather companies, I very much applaud, and sympathise with the effort. The latest update saw the removal of US-listed life sciences services provider Iqvia Holdings. UBS sees challenges and headwinds impacting for longer, including margin pressures and thus better alternatives elsewhere.

Instead, AstraZeneca and HDFC Bank have been added. The first is labeled "an innovation leader with an underappreciated pipeline optionality", whereas HDFC Bank is a leading private sector bank in India and ranks among the top global banks by market capitalisation.

Before we move on to the other 28 companies selected, let's pause and digest first the research focus that underpins UBS's selections. The next decade, the analysts posit, is likely to favour companies using technology to disrupt other sectors.

Within this framework, the analysts' attention is centred around greentech, fintech, and health-tech sectors, as well as on artificial intelligence (AI) and cybersecurity inside global technology.

Collectively, the analysts see industry leaders for 2030 emerging from these sectors. Stocks selected for the *30 for '30* basket are expected to deliver superior earnings growth to the market, boosted by positive, durable structural trends supporting the theme.

The remaining 28 (all are listed in the US, for as long the SEC doesn't de-list Chinese companies as sometimes suggested by the US president):

-Air Liquide
-Alcon
-Alibaba Group
-Bank of America
-Barclays
-Crowdstrike Holdings
-Enel
-Euronext
-Goldman Sachs
-IntercontinentalExchange
-Intesa SanPaolo
-Intuitive Surgical
-Linde
-Lonza Group
-MasterCard
-Meta Platforms
-Microsoft
-Oracle
-Rolls Royce
-Salesforce

-ServiceNow
-Societe Generale
-Standard Chartered
-Stryker Corp
-TSMC
-Trane Technologies
-Uber Technologies
-Vonovia

My personal research into **All-Weathers** restricts itself to companies listed on the ASX (notably absent from the list above) with curated selections 24/7 available to paying subscribers at FNArena:
https://fnarena.com/index.php/analysis-data/all-weather-stocks/

The **FNArena-Vested Equities All-Weather Model Portfolio** draws its inspiration and choices from those lists.

Sticking with the Australian focus, below are selections for Conviction lists, Best Buys and Model Portfolios as per their latest updates.

Best Buys & Conviction Calls

A-REITs are back on investors' menu. A recent sector update by **Macquarie** formulated the case as follows:

"Strong underlying economic fundamentals, a global underweight position to the REIT sector and a weaker Australian dollar are likely to see a re-direction of capital into Australia. Multiple groups are raising for new and existing products."

Macquarie's sector coverage expands to 24 ASX-listed entities, of which 15 are rated positively (Outperform) while the broker is under research restriction regarding Abacus Group ((ABG)) and HMC Capital ((HMC)).

This leaves the following on a Neutral rating: Charter Hall ((CHC)), Charter Hall Long WALE REIT ((CLW)), HomeCo Daily Needs REIT ((HDN)), Scentre Group ((SCG)), Stockland ((SGP)), and Vicinity Centres ((VCX)).

Only one name is rated Underweight and that is Region Group ((RGN)).

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Crestone's Best Sector Ideas:

-Ampol ((ALD))
-APA Group ((APA))
-Aristocrat Leisure ((ALL))
-Beach Energy ((BPT))
-Brambles ((BXB))
-Cochlear ((COH))
-CSL ((CSL))
-Goodman Group ((GMG))
-IGO Ltd ((IGO))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Monadelphous Group ((MND))
-REA Group ((REA))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Xero ((XRO))

Crestone's selection for **sustainable income**:

-Amcor ((AMC))
-Ampol ((ALD))
-ANZ Bank ((ANZ))

-APA Group ((APA))
-Atlas Arteria ((ALX))
-Beach Energy ((BPT))
-BHP Group ((BHP))
-Car Group ((CAR))
-Coles Group ((COL))
-Dalrymple Bay Infrastructure ((DBI))
-Iress ((IRE))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Mirvac Group ((MGR))
-Pro Medicus ((PME))
-QBE Insurance ((QBE))
-RAM Essential Services ((REP))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Tabcorp Holdings ((TAH))
-Telstra Group ((TLS))

****

Jarden's monthly update on **Emerging Companies** (i.e. smaller caps) showcases 16 stock picks in Australia; one less than in the month prior. The following seven have been highlighted as representing the potential highest return, ranked in order of total shareholder return:

-GQG Partners ((GQG))
-Qualitas ((QAL))
-Universal Store Holdings ((UNI))
-Dicker Data ((DDR))
-SiteMinder ((SDR))
-EVT Ltd ((EVT))
-Temple & Webster ((TPW))

Apart from their order of appearance, nothing has changed to that selection. The other ten:

-Arena REIT ((ARF))
-Genesis Energy ((GNE))
-Harvey Norman ((HVN))
-Integral Diagnostics ((IDX))
-Jumbo Interactive ((JIN))
-Karoon Energy ((KAR))
-Michael Hill ((MHJ))
-Pepper Money ((PPM))
-Vault Minerals ((VAU))

Only one change has taken place since the update in April; Superloop ((SLC)) is no longer included. One brief look at the price chart for the month past sees that share price temporarily weakening to $2 from $2.20 but then rallying to $2.50. Back in March Arena REIT was added while Ingenia Communities Group ((INA)) was removed.

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Morgan Stanley's Macro+ Focus List in Australia is currently made up of:

-Aristocrat Leisure ((ALL))
-ANZ Bank ((ANZ))
-Car Group ((CAR))
-Goodman Group ((GMG))
-GPT Group ((GPT))
-James Hardie Industries ((JHX))
-Orica ((ORI))

-Santos ((STO))
-Suncorp Group ((SUN))
-Xero ((XRO))

Lost their inclusion on 14 April: AGL Energy ((AGL)), Macquarie Group ((MQG)), Paladin Energy ((PDN)), and WiseTech Global ((WTC)).

****

Morgan Stanley's Australia **Macro+ Model Portfolio** is currently made up of the following:

-ANZ Bank ((ANZ))
-CommBank ((CBA))
-National Australia Bank ((NAB))
-Westpac ((WBC))

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

-Goodman Group ((GMG))
-GPT Group ((GPT))
-Scentre Group ((SCG))
-Stockland ((STG))

-Aristocrat Leisure ((ALL))
-Eagers Automotive ((APE))
-CAR Group ((CAR))
-Domino's Pizza ((DMP))
-The Lottery Corp ((TLC))
-Wesfarmers ((WES))
-WiseTech Global ((WTC))
-Xero ((XRO))

-James Hardie ((JHX))

-Amcor ((AMC))
-Cleanaway Waste Management ((CWY))
-Orica ((ORI))

-Coles Group ((COL))

-CSL ((CSL))
-ResMed ((RMD))

-AGL Energy ((AGL))
-Telstra ((TLS))
-Transurban ((TCL))

-BHP Group ((BHP))
-Newmont Corp ((NEM))
-Rio Tinto ((RIO))
-South32 ((S32))

-Santos ((STO))
-Woodside Energy ((WDS))

****

Morningstar's list of **Best Buy Ideas** regarding companies listed on the ASX can at times remain unchanged for a prolonged period of time.The current selection has been in place for quite a while now. Value investing has its challenges too.

-APA Group ((APA))
-ASX Ltd ((ASX))
-Aurizon Holdings ((AZJ))
-Bapcor ((BAP))
-Brambles ((BXB))
-Dexus ((DXS))
-Domino's Pizza Enterprises ((DMP))
-Endeavour Group ((EDV))
-Fineos Corp ((FCL))
-IDP Education ((IEL))
-IGO Ltd ((IGO))
-Ramsay Health Care ((RHC))
-SiteMinder ((SDR))
-TPG Telecom ((TPG))
-Woodside Energy ((WDS))

****

Shaw and Partners' Large Caps Model Portfolio:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BlueScope Steel ((BSL))
-Brambles ((BXB))
-Dexus ((DXS))
-Macquarie Group ((MQG))
-Newmont Corp ((NEM))
-South32 ((S32))

Shaw and Partners' **emerging companies Top Picks**:

-AML3D ((AL3))
-Australian Vanadium ((AVL))
-Bannerman Energy ((BMN))
-Chrysos ((C79))
-Humm Group ((HUM))
-Metro Mining ((MMI))
-Santana Minerals ((SMI))
-Southern Cross Electrical ((SXE))

****

UBS's portfolio sector recommendations currently have only two segments on 'Overweight'; Insurance and TMT (Technology, Media & Telecommunication).

All of Banks, Energy and Small Caps are 'Underweight'. Everything else sits on 'Neutral' (i.e. their weighting is recommended to mirror the local index) with Healthcare being upgraded in April and Industrials downgraded.

UBS's lists of Most Preferred and Least Preferred ASX-listed exposures currently consist of the following:

<u>Most Preferred</u>

Resources
-BHP Group ((BHP))
-BlueScope Steel ((BSL))
-Northern Star ((NST))
-Orica ((ORI))
-Origin Energy ((ORG))

Financials & REITs
-Dexus ((DXS))

-Lifestyle Communities ((LIC))
-Medibank Private ((MPL))
-QBE Insurance Group ((QBE))
-Steadfast Group ((SDF))

Industrials
-Brambles ((BXB))
-Coles Group ((COL))
-Collins Foods ((CKF))
-Light & Wonder ((LNW))
-REA Group ((REA))
-SGH Ltd ((SGH))
-TechnologyOne ((TNE))
-Telstra ((TLS))
-Telix Pharmaceuticals ((TLX))
-Xero ((XRO))
-Life360 ((360))

<u>Least Preferred</u>

-Aurizon Holdings ((AZJ))
-ASX Ltd ((ASX))
-Bank of Queensland ((BOQ))
-CommBank ((CBA))
-IDP Education ((IEL))
-Lovisa Holdings ((LOV))
-Reece ((REH))

****

Wilsons' Focus Portfolio currently contains the following:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BHP Group ((BHP))
-Brambles ((BXB))
-Car Group ((CAR))
-Collins Foods ((CKF))
-CSL ((CSL))
-Evolution Mining ((EVN))
-Goodman Group ((GMG))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Hub24 ((HUB))
-James Hardie ((JHX))
-Mac Copper ((MAC))
-Macquarie Group ((MQG))
-ResMed ((RMD))
-Sandfire Resources ((SFR))
-Santos ((STO))
-South32 ((S32))
-TechnologyOne ((TNE))
-Telix Pharmaceuticals ((TLX))
-The Lottery Corp ((TLC))
-Westpac Bank ((WBC))
-WiseTech Global ((WTC))
-Woolworths Group ((WOW))
-Worley ((WOR))
-Xero ((XRO))

In April, the Portfolio raised its exposure to Woolworths, Brambles, Evolution Mining and ResMed while reducing ownership of Santos shares and abandoning Breville Group ((BRG)) and Web Travel ((WEB)).

****

Wilsons' analysts selected the following five as **Key Investment Opportunities**:

-ResMed ((RMD))
-Goodman Group ((GMG))
-Xero ((XRO))
-Brambles ((BXB))
-WiseTech Global ((WTC))

Wilsons' **High conviction investment ideas** across the industrials (ex resources) part of the market; typically businesses with attractive structural growth prospects:

-Pinnacle Investment Management ((PNI))
-Nanosonics ((NAN))
-Ridley Corp ((RIC))
-ARB Corp ((ARB))
-SiteMinder ((SDR))

Wilsons' number **one speculative idea**:

-Clarity Pharmaceuticals ((CU6))

Wilsons' Australian **Equity Focus Portfolio**:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BHP Group ((BHP))
-Brambles ((BXB))
-Car Group ((CAR))
-Collins Foods ((CKF))
-CSL ((CSL))
-Evolution Mining ((EVN))
-Goodman Group ((GMG))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Hub24 ((HUB))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Mac Copper ((MAC))
-Macquarie Group ((MQG))
-ResMed ((RMD))
-Sandfire Resources ((SFR))
-Santos ((STO))
-South32 ((S32))
-TechnologyOne ((TNE))
-Telix Pharmaceuticals ((TLX))
-Westpac Bank ((WBC))
-WiseTech Global ((WTC))
-Woolworths ((WOW))
-Worley ((WOR))
-Xero ((XRO))

****

More reading:

https://fnarena.com/index.php/2025/05/14/rudis-view-awaiting-the-real-world-ramifications-continued/

https://fnarena.com/index.php/2025/05/01/rudis-view-mag7-dominance-profit-warnings/

https://fnarena.com/index.php/2025/04/30/rudis-view-awaiting-the-real-world-ramifications/

https://fnarena.com/index.php/2025/05/08/rudis-view-csl-nextdc/

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

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

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

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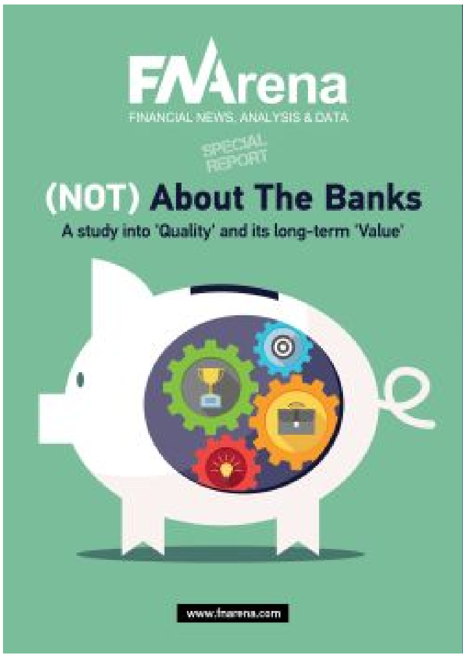


Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

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

SMALL CAPS

Macmahon Holdings: Margins Key To Re-Rating

Macmahon Holdings experienced a half year earnings hiccup which coincided with a market selloff and de-rating of small cap stocks. Is the valuation discount now too steep to ignore?

-Sixty year-plus track record a boon for Macmahon
-First half earnings a miss on margins
-Restructuring of the service mix a focus for management
-Too cheap to ignore (?) and what about potential corporate action?

By Danielle Ecuyer

A long history for Macmahon

With a $600m market cap, Macmahon Holdings is ranked as a small cap in the mining and civil contracting space with currently a low valuation but a compelling growth story to tell.

As a small cap, the company often flies under the radar, with Bell Potter the most recent broker to initiate coverage. So far, Bell Potter is the only one among daily brokers monitored by FNArena.

Management has a clear strategy to target a diversified sector revenue exposure, comprised one-third from surface mining (part of contract mining), one-third from underground mining, and one-third from civil infrastructure.

The latest 1H25 results showed a 60% revenue mix to surface mining, with underground at 23% and infrastructure at 17%. As a comparison, back in FY18 surface represented 90%, with 7% from underground, and 3% from infrastructure.

The aim is to lower the capital intensity of the services provided to generate a return on average capital employed of 20% versus 17.5% in 1H25 or annualised at 18.2%.

Surface mining contracts are notably very capital intensive, for which Macmahon employs debt or lease funding to secure the capital equipment.

In contrast, underground mining and infrastructure are less capital hungry. Bell Potter notes, while lower capital needs allow for higher return on capital and lower barriers to entry on scaling the business, this segment also brings forth more competitors and lower margins.

For examples, earnings (EBITDA) margins of 17% decline to 7%-8% once depreciation charges, associated with capital equipment, are backed out.

By commodity, gold generated 54% of 1H25 revenue, with met coal at 20%, lithium at 8%, and other some 14%. Australia represents 92% of the pie with 8% offshore in Malaysia and Indonesia.

With a track record going back to 1963, data sourced from FactSet as shown on FNArena's Stock Analysis shows management has successfully doubled revenue between 2019-2024.

Bell Potter observes the company has achieved a 12.2% compound average growth rate between FY21 to FY25, which is attributed to winning additional contracts and retaining/extending existing contracts.

Not unlike other companies, the covid era provided downward pressure on EPS, from which the company has been looking to recover.

Management is aiming for underground mining revenue to grow by 50% over the next two to three years, which Bell Potter explains would require the addition of another two-three large mines under contract. Currently, six key mining contracts made up revenue of $530m in FY24 .

<u>The latest results missed expectations</u>

Macmahon's first half 2025 earnings result had both Jarden and Canaccord Genuity questioning the strategic re-alignment of the company as well as the new business mix.

Both brokers described the EPS result as *"underwhelming"* relative to expectations, with *"mixed messages"* for investors.

Canaccord was more sanguine than Jarden, attributing the contribution from abnormal items totalling -$17m (transaction costs on the recently acquired Decmil and share-based payments) as a detraction from growth in revenue of 22% on a year earlier, and a better than expected earnings (EBITDA) margin by 6bps.

The impact of Decmil impacted margins by -15bps on the previous half.

Decmil was acquired in 2024, a civil construction company with exposure to renewables and infrastructure (roads, bridges, and accommodation), as part of the strategic realignment of the business mix and followed on the back of the 2018 acquisition of civil construction group TMM.

To date, Decmil has brought forth $333m in new work. Bell Potter suggests scaling should be possible as the balance sheet is strengthened.

Interest costs rose in the first half, resulting in a miss of -4% to Canaccord's net profit after tax estimate. Jarden also noted the impact of lower margins and higher funding costs as weighing on the results.

Post the integration of Decmil, earnings before interest and tax margins fell by -50bps in the first half compared to a year earlier.

Management nevertheless retained FY25 guidance at the February earnings report, with Jarden stressing the outlook is dependent on whether the company can meet the targeted 8% earnings before interest and tax margin.

Both brokers concur with such a robust order book, valued at $4.3bn, which excludes contract extensions and variations of $1.6bn, the swing factor for achieving forecast (downgraded) earnings will be the margin.

Jarden emphasises the earnings split between first and second half is favouring the latter by a ratio of 45% to 55%. Challenging weather conditions and the transitioning business mix may provide headwinds in the current second half period.

Focusing on the debt situation, timing issues on Decmil resulted in a rise in net debt by 62% on the previous half to $237m, but according to Canaccord, a decline to $159m by the end of fiscal 2025 is likely.

The potential scope for the sale of the underperforming accommodation assets Homegrown has not been incorporated, although brokers covering the stock concur the asset has been flagged as "non-core" with a reasonable possibility of being divested in the year ahead. Proceeds are estimated between $50m-$100m-plus.

Contract extensions a positive

In a recent update in April, Petra Capital highlighted contract renewals have removed perceived risks around the 2025 outlook.

The company announced contract extensions for Vault Minerals' ((VAU)) Deflector underground gold and copper mine, worth circa $105m over two years; and Genesis Minerals' ((GMD)) Gwalia and Ulysses underground gold mines at around $67m for thirteen months.

The analyst estimates additional revenue of $114m in the next 12 months which represents around 4.6% of the forecast revenue for a comparable period. Notably, all contracts with a slated expiry in 2025 have been extended.

Against the upward revision by management for a 20% margin, from 15%, Petra suggests the pricing of the contracts, while not announced, is likely to be favourable.

Valuations and M&A opportunities

There is no doubting the April market sell-off, combined with worse than expected first half results, has underpinned an almost -40% decline in the share price from 52-week highs around 39c.

Accompanying the earnings downgrades, the market has de-rated the valuation ascribed to the stock to levels around a five times 12-month forward-looking price-to-earnings ratio (PER).

Bell Potter, in initiation of coverage with a Buy rating and 40c target price, stresses the deep discount Macmahon shares are trading on relative to some of its peers.

Across the broker's universe of industrial/mining service providers, the FY25 average PER stands at circa 11.5x and FY26 around 10x.

Due to the risky nature of Contractors' business, including costs running over budget, the sector traditionally trades at more modest PE multiples than the ASX200.

By any comparison, Macmahon has been given the proverbial 'cold shoulder' from the market, probably until management can generate more certainty around earnings margins and the transition via the Decmil acquisition.

Comparing the company to Perenti ((PRN)) is reasonable, Bell Potter espouses, with both operating in similar businesses including a high exposure to gold projects in WA, at 62% for Perenti and 54%-58% for Macmahon.

Both peers have also grown through acquisition, although Perenti is larger with a $1bn-plus market cap. Bell Potter even proposes a merger would make sense.

While downgrading EPS estimates by -8.3% and -3.6% for FY25/FY26 at the half-year mark, Jarden maintains a positive stance, emphasising an Overweight (Buy-equivalent) position and, based on its updated discounted cash flow model, a higher target price of 34c from 32c.

Canaccord Genuity maintained its Buy rating with a 37c target price post half-yearly earnings, pointing to an expected improvement in earnings over the second half of the fiscal year on top of an "attractive valuation".

Meanwhile, Petra Capital reiterates its Buy rating and 39c target price, also suggesting trading on a consensus FY25 PER of circa 5.9x (at a share price of 28c) versus the peer group at around 9.9x, with a two-year forecast compound average growth rate in EPS of 16.7% to FY26, plus a fully franked dividend approaching 6%, makes the stock look very appealing.

Petra also highlights the $179.5m in cash on the balance sheet and FY25 estimated net debt at $176.4m, which, as Bell Potter details, opens up add-on acquisition possibilities if the company itself doesn't become a target for a potential merger or takeover.

SMALL CAPS

SRG Global: Continued Re-Rating Ahead

New research on SRG Global highlights a strong history of earnings growth and potential upside from management's conservative acquisition strategy.

-80% of SRG Global's earnings are recurring
-Potential extra boost from management's acquisition strategy
-Buoyant outlook for infrastructure and construction spend in Australia

By Mark Woodruff

Australian diversified infrastructure services provider SRG Global ((SRG)) has demonstrated a strong and consistent track record of earnings growth, with a material portion driven organically.

Inaugural research by Morgans last week suggests positive momentum is set to continue, underpinned by growing customer preference for specialist maintenance providers over generalists and a notable increase in production volumes from key gold mining clients.

Founded in 1961 and headquartered in Subiaco, Western Australia, SRG provides maintenance, industrial services, and engineering and construction services across 20 industries including mining, water, energy, infrastructure and utilities.

The business consists of two broad reporting segments: Maintenance & Industrial Services (Maintenance) and Engineering & Construction (E&C).

The E&C division delivers specialist services for dams, bridges, facades, and concrete structures, targeting both private and government projects.

Asset maintenance is the largest earner, benefiting from an expanding infrastructure base, ageing assets, and increasing demand for outsourced maintenance, noted Bell Potter upon initiating coverage in May last year.

This broker highlighted the acquisition of Asset Care in February 2023 enhanced SRG's front-end diagnostics and inspection capabilities, enabling end-to-end asset lifecycle servicing and cross-selling opportunities.

Positively, around 80% of the company's earnings are recurring/annuity style, explains Morgans, and the business is relatively evenly split across the East Coast (50%) and West Coast (45%) of Australia, with New Zealand making up the balance.

Key risks include fixed-price contract exposure, project mis-pricing, labour availability, and commodity price sensitivity, but the broker believes SRG's strong client base, execution record, and diversified revenue streams mitigate these concerns.

Not factored into the share price, believes the analyst, is an ongoing prudent acquisition strategy by management to supplement organic growth.

Over the past three years, the broker views SRG's acquisitions as both successful and disciplined, with each transaction followed by a return to a net cash position before pursuing the next opportunity.

True to form, February's interim results showed a shift to a net cash position of $9.1m, recovering from pro forma net debt of $38.2m after the August 2024 acquisition of Diona, a specialist in water security and energy transition infrastructure.

SRG's visible cash generation, with an aggregate conversion rate of 100% from FY21-24, is considered a key indicator of earnings quality and acquisition performance.

Valuation

A year ago, Bell Potter presciently identified SRG as materially undervalued relative to its Industrial Services peers, noting it compared favourably to close peer Monadelphous Group ((MND)), with stronger margins and superior free cash flow (FCF) yields.

The analysts anticipated this valuation gap would narrow as SRG advanced its transition toward a more resilient, recurring revenue model and increased its presence in the expanding outsourced maintenance market.

All up, the SRG share price rallied circa 95% over the 12 months leading into its first half results for FY25 in mid-February.

Commenting again post results, this broker noted the valuation gap with the Industrial Services peer group has indeed closed, but still argued the stock should trade at a premium given its above sector-average EPS growth outlook.

Effective prior to the open of trading on March 24 this year, SRG Global was added to the ASX300 Index.

Most recent results

Outcomes were broadly in line with Ord Minnett's expectations, but management upgraded FY25 guidance by around 1% at the mid-point, driven by the Diona acquisition.

In support of the acquisition, management highlighted Diona's strong position in program and asset management services for utilities and government agencies.

Earnings for the first half slightly beat Ord Minnett's forecast driven by a stronger-than-expected margin outcome in the Maintenance & Industrial Services segment.

Maintenance & Industrial Services saw revenue increase by 19.4% to $388m on the prior year, while Engineering & Construction revenue jumped by 24.8% to $231.7m.

At the time, Ord Minnett felt momentum remained strong with the company's work-in-hand rising to $3.4bn, a 13% increase against FY24.

With an opportunity pipeline of circa $8.5bn, Shaw and Partners also remained confident in higher earnings over time.

The forward outlook was also supported by a high-quality management team, noted Ord Minnett.

Outlook

SRG Global over the past three years has managed to increase its scale, improve its margin profile, expand its tier 1 client base, grow its recurring revenue base and strengthen its overall services offering, highlights Morgans.

Noting the outlook for infrastructure and construction spend in Australia is buoyant, the analyst also explains this positive outlook aligns with global trends, as the engineering and construction industry benefits from sustained infrastructure spending.

Morgans begins coverage with an Add rating and a 12-month target price of $1.80.

The average target price of four daily covered brokers researching SRG Global in the FNArena database is $1.62, suggesting near 13% upside to yesterday's closing share price. The implied forward-looking dividend yield is 4.1% (5.9c).

Morgans joins both Shaw and Partners and Bell Potter on a Buy (or equivalent) rating, while Ord Minnett remains on Accumulate, in between Buy and Neutral/Hold.

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

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

TREASURE CHEST

Treasure Chest: Whitehaven Versus Stanmore

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

By Danielle Ecuyer

Whose Idea Is It?

Morgans

The subject:

A combination of historically low met coal prices, excess Chinese steel exports, and negative investor sentiment plausibly marks a cyclical low for both coal and stock prices, presenting an attractive entry point for patient investors.

More info:

Commodity markets are often influenced by general sentiment, but fundamental supply and demand dynamics remain important.

Morgans believes recent weakness in coal equities such as **Whitehaven Coal** ((WHC)), **New Hope** ((NHC)), and **Stanmore Resources (**(SMR)) has overly reflected negative sentiment rather than deteriorating market fundamentals.

These stocks have already lifted off their 52-week lows following the broader April 2025 market sell-off.

National Australia Bank's latest Minerals & Energy Outlook notes hard coking coal was one of few commodities to rally after President Trump's tariff announcement on April 2.

NAB maintains a cautious outlook on metallurgical coal due to weak steel demand and potential curbs on Chinese steel exports, alongside ongoing property sector deleveraging.

Thermal coal also faces a subdued long-term outlook from energy transition pressures and global growth concerns, although rising electricity demand from AI-driven data centres could provide some offset.

On NAB's forecasts metallurgical coal prices are projected to average US$180/t in 2025 and US$165/t in 2026. Thermal coal is forecast to average US$98/t in 2025 and US$85/t in 2026.

Goldman Sachs also sees near-term oversupply dominating the met coal market due to higher exports from key regions in combination with softer import demand from China and India.

However, under-investment in new supply, operational constraints, and rising medium-term Indian demand support a structural recovery towards US$220/t.

Morgans argues investor apathy has left coal shares in the 'too hard basket', but the broker also highlights such oversold conditions often present opportunity for patient investors.

Drawing on the McCloskey benchmark premium hard coking coal price near US$220/t, about 20% above spot levels and 30% above March quarter lows of US$168/t, the broker believes prices have reached unsustainably low levels for producers to remain cash-positive and incentivise new investment in supply.

Recent asset sales, such as Whitehaven's US$1.08bn divestment of a 30% Blackwater stake and Illawarra JV sell-downs, were transacted at substantial premiums to the broker's valuation at a coal price of US$220/t, signalling confidence in future pricing and scarcity of quality supply.

Lower coal prices have also pushed listed miners into conservative capital management, ending for now, at least, the sector's reputation for high payout ratios, dividend yields and resulting in reduced capex spending, which detracts from supply expansion.

The broader macro backdrop remains challenged, particularly from a surge in low-cost Chinese steel exports (around 110mt in 2024, equivalent to the world's second largest steel producer from India), but Morgans is watching for signs of coal supply disruption and/or steel production cuts that could tighten the market.

Despite a relatively resilient quarterly performance from Australian suppliers, in the face of adverse wet weather conditions, earnings forecasts and share price targets have been reset at lower levels.

Morgans highlights target prices for Whitehaven, Stanmore, and New Hope are now below respective estimated net present values, reflecting the magnitude of uncertainty around the outlook for the coal price.

When it comes to stock picking, the broker's focus centres around being able to "weather" the cycle with sufficient scale and balance sheet strength. Whitehaven is the preferred 'quality' pick for Morgans, with Stanmore offering "standout" value.

FNArena daily monitored brokers have a consensus target price on Whitehaven of $6.657, suggesting potential 22%-plus upside.

Within that context, the bifurcation in views is evident. Citi, Bell Potter, and Ord Minnett remain positive on the strength of the company's balance sheet.

Bell Potter believes a capital allocation review will favour dividends and possibly an expanded share buyback.

Ord Minnett also highlights the expected underlying cash flow generation for Whitehaven. This analyst stresses an attractive valuation at circa 10% free cash flow yield (including leases) compared to peers.

Daily monitored brokers have five Buy-equivalent ratings and two Hold-equivalent ratings.

Shares in Stanmore Resources are trading at a deep discount of -47% below the FNArena daily monitored consensus target price of $2.95.

While not a steadfast indicator for investors, the discount most likely reflects balance sheet concerns, with net debt rising to US$146m at the end of the March quarter from US$26m at December-end.

Citi highlights the potential for the steep discount to narrow on good news. The three daily monitored brokers of Morgans, Ord Minnett, and Citi all have Buy-equivalent ratings.

Ord Minnett viewed the company's March quarter report positively, with sales and production beating expectations despite adverse wet weather. Like Whitehaven, management has guided to further cost-cutting and a reduction in capex, aimed at positioning the company for any recovery in coal markets.

Non-daily monitored broker Petra Capital emphasises Stanmore has embraced cost-saving initiatives and is optimising production in the face of weak coal prices.

The reduction in cash costs and capex by -4% and -24%, respectively, as guided by management, should improve free cash flow generation.

The balance sheet is expected to strengthen as a build-up in working capital is unwound, with US$55m in cash received in April, lowering net debt to US$91m and pushing available liquidity to US$444m.

Petra forecasts the company can maintain an ongoing fully franked dividend yield in the range of 8%-9%, based on forecast DPS of US9.7c and US11.2c for 2025 and 2026, respectively, with the shares trading at a cheap valuation.

By comparison, consensus DPS estimates stand at US3c and US5c, which lays bare the bifurcation in expected cash flow generation and payout ratios.

Petra's target price sits at $4.97, compared to consensus at $2.95, with Morgans at $3.35 and Ord Minnett at $2.40.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 09-05-25

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 May 5 to Friday May 9, 2025
Total Upgrades: 5
Total Downgrades: 12
Net Ratings Breakdown: Buy 61.36%; Hold 32.21%; Sell 6.43%

In the week ending Friday, May 9, 2025, FNArena tracked five upgrades and twelve downgrades for ASX-listed companies from brokers monitored daily.

For the second week in a row, the top ten percentage falls in average target prices and average forecasts in the tables below were consistently larger than rises.

29Metals received the largest fall in earnings forecast by brokers but the percentage change was exaggerated by small forecast numbers in FY25.

March quarter copper production missed Citi's forecast by around -20% as a result of lower output at the Golden Grove mine, while zinc production beat the broker's estimate.

Morgan Stanley's 2026 and 2027 group EPS forecasts were lowered by -8.4% and -15.3%, respectively, mainly driven by higher cost forecasts at Golden Grove.

Group cash declined by -$86m quarter-on-quarter to $166m and Citi now includes receipt of a final $54m insurance payout in the current quarter following an extreme weather event at Capricorn Copper in March 2023.

Sell-rated Citi pointed out 29Metals is heavily leveraged to base metals pricing and maintained a view additional liquidity will be needed in the medium-term. This broker's target price was reduced to 12c from 16c.

More positively, the analysts reminded investors copper should be an immediate beneficiary when and if the US starts to ease tariff policies.

Uranium miner Boss Energy and global provider of travel solutions Corporate Travel Management are next on the earnings downgrade list.

Following third quarter results for Boss, Morgan Stanley downgraded its FY25 revenue forecast by -30.5% driven by no sales of Alta Mesa (South Texas) product in FY25 and reduced sales assumed at the Honeymoon project in South Australia.

Regarding Honeymoon, here the broker's bull case valuation rose by 60c reflecting expansion potential, pushing up the target price for Boss to $2.70 from $2.45 after a further re-weighting towards the bull case scenario.

After Ord Minnett measured the trade volumes for both Boss Energy and Paladin Energy, the two most shorted stocks on the ASX since April 28, the broker suggested current short-covering rallies for their respective share prices will persist.

All seven daily covered brokers in the FNArena database last week passed judgment on Corporate Travel Management's trading update on May 2, resulting in falls for the average earnings forecast and target price of around -20% and -14%, respectively.

While FY25 guidance was downgraded, with group revenue down by -$29m and earnings revised lower, the analyst at UBS highlighted strong new client momentum.

After reducing its target to $13.55 from $17.60, this broker upgraded to Buy from Neutral in the belief the current share price reflects sufficient downside risk from macroeconomic uncertainty, particularly in the US.

Morgan Stanley downgraded its rating to Equal-weight from Overweight after lowering EPS forecasts by between -28% to -36% across FY25-FY27. This broker noted travel peers have not been immune to downgrades, and, as a result, Corporate Travel Management is no less competitive.

In a developing theme, sector peer Helloworld Travel appeared third on the table for negative changes to targets, behind second placed Reliance Worldwide.

Management at Helloworld downgraded earnings guidance to $52m-$56m from $56m-$62m, on a mix of positive and negative structural and cyclical factors. Ord Minnett noted a change in customer behaviour to short-haul destinations like Asia rather than the US and Europe.

This new trend translates to a reduction in travel spend per trip and overrides paid by airline carriers to these regions, while younger travellers are transitioning away from traditional travel agents.

Positively, management noted forward booking volumes for FY26 have been strong.

Reliance Worldwide's average target fell by nearly -10% last week after management flagged a -US$25-35m hit to FY26 earnings due to a weaker outlook for US housing and renovation demand, and a projected -US$30m net tariff impact.

Around 30% of Reliance's cost of goods sold is exposed to potential US tariffs, noted the analysts at UBS, but management is targeting mitigation via sourcing diversification, price increases, and cost management.

Macquarie could see upside risk to this lower guidance, as management has factored in current tariff settings when there is potential for an improving scenario.

UBS also noted Reliance remains well positioned in the US plumbing market as the only push-to-connect manufacturer.

On the flipside, average targets for Strike Energy and Lynas Rare Earths climbed by around 15% and 7%, respectively.

The higher target for Strike Energy was solely the result of a target price being reintroduced into the FNArena database for Ord Minnett after a research hiatus by the broker.

While Ord Minnet's 31c target is higher than two other brokers in the database, last week the broker downgraded its crude oil price forecasts to US$60/bbl from US$70/bbl in 2025, and to US$70/bbl from US$80/bbl in 2026.

The broker's FY26 EPS estimate for Strike was accordingly lowered by around -18%, and the rating was downgraded to Hold from Buy.

Within the Oil and Gas sector, the analysts favour Buy-rated refiners Ampol and Viva Energy.

Lynas Rare Earths' higher target resulted from UBS becoming more upbeat on the ex-China rare earths space.

In a positive for the company, low price settings to date have restricted new entrants outside China, which sees Lynas uniquely positioned with ready capacity to underpin growing ex-China requirements, highlighted the broker.

Further, the imminent addition of dysprosium (Dy) and terbium (Tb) capacity adds incremental value, noted UBS, which also raised its terminal NdPr volume forecast to 14kt from 12kt.

Also experiencing a positive week in earnings forecasts, Global Lithium Resources and Evolution Mining head up the table below.

Macquarie noted Global Lithium Resources has recommenced definitive study works on the spodumene-dominant hard rock lithium Manna project, with a focus on improving economics.

The broker lowered its exploration and other cost assumptions, which reduced forecast earnings losses by between -8% to -53% over FY25-FY29, helping lift the analyst's target price by 8% to 14c. The Underperform rating was retained.

For the Gold sector, Citi concluded last week valuation matters little at the moment against the macro-economic backdrop, and gold stocks will likely continue to follow gold prices higher.

Conceding Evolution was "prematurely" downgraded to Neutral from Buy in January, the broker raised its target to $8.50 from $7.00.

Total Buy ratings in the database comprise 61.36% of the total, versus 32.21% on Neutral/Hold, while Sell ratings account for the remaining 6.43%.

Upgrade

AMCOR PLC ((AMC)) Upgrade to Add from Hold by Morgans .B/H/S: 4/2/0

Amcor's 3Q25 result slightly missed Morgans' forecast, with constant forex EBIT up 3% vs the broker's 4% forecast. Volumes rose in flexibles but fell for rigid packaging, with lower volume and higher labour costs pushing rigid packaging EBIT margins down -110bps.

The company included two months of Berry Global contribution in the guidance, but it still resulted in a lowering of the top end, with the revised guidance of US72-74c underlying EPS vs US72-76c before.

The broker updated forecasts to include Berry Global's earnings and sees risks to the upside on optimism about management's capability to integrate deals.

Target cut to $16.00 from $16.45. Rating upgraded to Add from Hold.

CORPORATE TRAVEL MANAGEMENT LIMITED ((CTD)) Upgrade to Buy from Neutral by UBS .B/H/S: 4/3/0

Following a trading update, UBS lowers its target for Corporate Travel Management to $13.55 from $17.60 and upgrades to Buy from Neutral.

The broker believes the current share price reflects sufficient downside risk from macroeconomic uncertainty, particularly in the US.

While FY25 guidance has been downgraded, with group revenue down by -$29m and earnings (EBITDA) revised to around $167m from $197m, the analyst highlights strong new client momentum.

New business win momentum has accelerated to $1.6bn per annum total transaction value (TTV) from $1bn TTV per year in FY25.

See also CTD downgrade.

NORTHERN STAR RESOURCES LIMITED ((NST)) Upgrade to Buy from Neutral by Citi .B/H/S: 5/2/0

Citi highlights Evolution Mining has outperformed Northern Star Resources ((NST)) by over 90% in the last 12 months.

The analyst attributes this to the degearing of the gold miner's balance sheet alongside a transparent outlook for key metrics like mine life, capex, and production.

Citi suggests FY25 was the year to generate cash flow and profits rather than M&A, and Northern Star's recent earnings downgrades for FY25 and FY26 have not boosted investor sentiment.

The analyst expects the underperformance of Northern Star to reverse during 4Q once FY26 downgrades are in place.

Citi upgrades Northern Star Resources to Buy from Neutral with a higher target price of $22 with FY26 consensus gold price estimates at $4,760/oz against the spot price of $5,255/oz.

ORICA LIMITED ((ORI)) Upgrade to Buy from Neutral by Citi .B/H/S: 6/0/0

Ahead of Orica's 1H25 result this week, Citi has upgraded the stock to Buy from Neutral. Target price trimmed to $18.90 from $19.00.

The broker believes demand for explosives could accelerate, but heightened competition, tariff-related uncertainties and increasing underground operations are headwinds.

The analyst forecasts EBIT contribution from "Beyond Blasting" to reach 22% by FY22. Other upside risks come from gold production driving specialty chemical mining and uplift in exploration boosting digital solutions.

WOODSIDE ENERGY GROUP LIMITED ((WDS)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 2/4/0

Ord Minnett has downgraded its crude oil price forecasts to US$60/bbl from US$70/bbl in 2025, and to US$70/bbl from US$80/bbl in 2026.

The broker assumes an AUD/USD rate of 63c for 2025 and 65c for 2026. Further out, the oil price is expected to revert to the US$70US$80/bbl range, as a higher price will be needed to boost investment in new supply.

Ord Minnett's analysis also suggests the average time for oil prices to bottom from a peak in the cycle is around five months, and therefore recommends investors "buy the dips" on selective stocks.

Karoon Energy ((KAR)) is Buy rated, along with Santos ((STO)) and Woodside Energy , which has been upgraded from Hold.

The broker also favours refiners Ampol ((ALD)) and Viva Energy ((VEA)), both Buy rated.

Target price for Woodside Energy is set at $25, down from $27, with EPS estimates cut by -8% and -46.9% for 2025 and 2026 respectively.

Downgrade

APA GROUP ((APA)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 2/3/0

Ord Minnett has downgraded its crude oil price forecasts to US$60/bbl from US$70/bbl in 2025, and to US$70/bbl from US$80/bbl in 2026.

The broker assumes an AUD/USD rate of 63c for 2025 and 65c for 2026. Further out, the oil price is expected to revert to the US$70US$80/bbl range, as a higher price will be needed to boost investment in new supply.

Ord Minnett's analysis also suggests the average time for oil prices to bottom from a peak in the cycle is around five months, and therefore recommends investors "buy the dips" on selective stocks.

Karoon Energy ((KAR)) is Buy rated, along with Santos ((STO)) and Woodside Energy ((WDS)), which has been upgraded from Hold.

The broker also favours refiners Ampol ((ALD)) and Viva Energy ((VEA)), both Buy rated.

Target price for APA Group remains at $8.60 with no change in EPS estimates. The stock is downgraded to Accumulate from Buy.

AROA BIOSURGERY LIMITED ((ARX)) Speculative Buy from Add by Morgans .B/H/S: 2/0/0

Morgans moves Aroa Biosurgery to Speculative Buy from Add and retains a 93c target price.

The analyst highlights 4Q25 results which met expectations, with a focus on NZ$1.1m in positive cash flow. Myriad sales rose 32% year-on-year, while OviTex sales increased 17%. Cash at the end of March was NZ$22m, down from NZ$29.5m a year earlier.

Management reiterated FY25 guidance for revenue of NZ$81NZ$84m and earnings (EBITDA) of NZ$2NZ$4m, and believes the 10% US tariff on imported goods from NZ will be largely offset by other commercial agreements.

The company is due to report FY25 results on May 27, with guidance for FY26 anticipated to be announced.

BURGUNDY DIAMOND MINES LIMITED ((BDM)) Downgrade to Speculative Hold from Buy by Bell Potter .B/H/S: 0/1/0

Bell Potter downgrades Burgundy Diamond Mines to Speculative Hold from Buy after halving its target price to 5c from 10c following a weak March quarter and ongoing operational risks.

Production of 0.77 million carats (mct) missed the broker's 1.16mct estimate due to ore availability issues during the transition from the Sable pit to Point Lake, explains the broker.

Sales of 1.2mct were met through a large inventory drawdown, but lower-quality diamonds caused realised prices and revenue to fall -33% and -28%, respectively, point out the analysts.

Adjusted earnings (EBITDA) were just US$7m versus Bell Potter's US$30m forecast.

Guidance and an updated mine plan are expected by mid-2025, with the bulk sample from Point Lake seen as a key catalyst by the analysts for establishing the 2025 outlook.

Bell Potter warns the balance sheet remains under pressure and points at the exposure to volatile diamond markets and unresolved operational execution risk.

BLUESCOPE STEEL LIMITED ((BSL)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/2/0

Citi downgrades Bluescope Steel to Neutral from Buy, citing share price outperformance and a more balanced risk-reward outlook.

The broker highlights a recent solid operational performance and a valuation discount to US peers, yet macro headwinds are building. These include rising US steel import pressure, softening forward US pricing, and below-average Asia export spreads.

Spot US hot rolled coil (HRC) prices remain elevated, but forward prices have dropped circa -10% month-on-month, note the analysts. Increased ASEAN and Chinese steel imports are expected to weigh on margins in H2 of 2025.

BlueScope's Asia-facing exports remain under pressure, highlights Citi, with current HRC spreads at US$207/t versus a long-run average of US$245/t, impacted by elevated Chinese steel exports.

Citi retains a $26.50 target price.

CORPORATE TRAVEL MANAGEMENT LIMITED ((CTD)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 4/3/0

Morgan Stanley downgrades Corporate Travel Management to Equal-weight from Overweight, and the target price falls to $11.80 from $15.30.

The company downgraded earnings guidance, which the analyst does not view as a surprise given the increase in economic uncertainty.

The extent of the decline by -30%, versus Flight Centre Travel Group down -18%, reflects uncertainty around the annualised impacts, new business wins, cost-out potential, and other less visible factors.

The broker lowers EPS forecasts by -28% to -36% for FY25FY27 but believes the travel peers have not been immune to downgrades and Corporate Travel Management is no less competitive.

Industry view: In-Line.

See also CTD upgrade.

ENDEAVOUR GROUP LIMITED ((EDV)) Downgrade to Neutral from Buy by UBS .B/H/S: 1/4/0

Endeavour' Group's 3Q25 sales fell -1.7% to $2.84bn, with Retail down -3.1% and Hotels up by 5.1%.

Retail missed consensus and UBS expectations, driven by competitive pressure, weaker liquor trends, and soft like-for-like growth of -3.7%, while Hotels outperformed on resilience in gaming and strength in food and beverage.

Execution concerns, especially in Retail, and limited confidence in an EBIT margin recovery are behind the broker's downgrade to Neutral from Buy.

UBS also flags increased promotional intensity, ongoing One Endeavour separation costs, and rising industry competition as key headwinds. The target price falls to $4.25 from $4.50.

HELIA GROUP LIMITED ((HLI)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 0/0/1

Helia Group's 1Q 2025 trading update revealed better-than-expected net profit after tax due to negative claims, Macquarie observes.

The company also pointed to the potential increase of the government's First Home Guarantee Scheme, which is expected to be adverse for gross written premiums.

The broker highlights net profit after tax at $68.2m was above the 1H25 forecast of $40.2m, and positive conditions continue to bode well for reserve releases.

Macquarie lifts FY25/FY26 EPS estimates by 15% and 3%, respectively, due to lower claims. Earnings estimates further down the track are lowered because of reduced yields impacting investment returns, the broker explains.

Target price slips by -9% to $3.25 from $3.55 and the stock is downgraded to Underperform from Neutral.

PLATINUM ASSET MANAGEMENT LIMITED ((PTM)) Downgrade to Sell from Hold by Bell Potter .B/H/S: 0/0/2

Funds under management (FUM) by Platinum Asset Management fell by -6.1% in April to $9.65bn, driven by -$243m in net outflows and -$386m from investment performance and currency impacts, explains Bell Potter.

The result was worse-than-expected, with outflows nearly double the broker's forecast. It's noted a -$958m institutional mandate loss, effective May 9, will likely remove around -$10m in annual revenue.

The analysts ponder whether this redemption was expected when the merger with L1 was announced last week.

The broker lowers its target price to 52c from 58c and downgrades to Sell from Hold, citing uncertainty from the mandate loss.

SGH LIMITED ((SGH)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/1/0

Bell Potter downgrades SGH Ltd to Hold from Buy and cuts its target to $54.50 from $57.00, citing a stretched valuation.

While mining equipment demand remains robust, providing a strong near-term outlook for WesTrac, Australian residential approvals are subdued, and construction material prices have declined. The latter suggests to the analysts softer conditions for Boral ((BLD)).

Bell Potter expects management will deliver mid-to-high single-digit EPS growth, but sees profitability improvements from Boral becoming harder to achieve.

Key risks are linked to mining activity, construction policy, energy prices, and reliance on the CAT-WesTrac dealer model, according to the broker.

SMARTGROUP CORPORATION LIMITED ((SIQ)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/3/0

Bell Potter assesses Smartgroup Corp's 1Q25 as positive but lowered forecasts to account for weaker settlement growth.

The broker highlights 21% of new car orders in 1Q comprised PHEV vehicles, but to qualify for FBT exemption, they had to settle by March. This raises settlement risk.

Trend in leasing yields was strong despite continued price falls, the broker notes.

EPS forecast for FY25 was unchanged, but FY26 was cut by -2%.

Rating downgraded to Hold from Buy. Target cut to $8.50 from $10.15 on lower forward PE in line with historical trend.

STRIKE ENERGY LIMITED ((STX)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 1/2/0

Ord Minnett has downgraded its crude oil price forecasts to US$60/bbl from US$70/bbl in 2025, and to US$70/bbl from US$80/bbl in 2026.

The broker assumes an AUD/USD rate of 63c for 2025 and 65c for 2026. Further out, the oil price is expected to revert to the US$70US$80/bbl range, as a higher price will be needed to boost investment in new supply.

Ord Minnett's analysis also suggests the average time for oil prices to bottom from a peak in the cycle is around five months, and therefore recommends investors "buy the dips" on selective stocks.

Karoon Energy is Buy rated, along with Santos ((STO)) and Woodside Energy ((WDS)), which has been upgraded from Hold.

The broker also favours refiners Ampol ((ALD)) and Viva Energy ((VEA)), both Buy rated.

Target price for Strike Energy is set at 31c, with EPS estimate cut by -18.1% for FY26. The stock is downgraded to Hold from Buy.

TECHNOLOGY ONE LIMITED ((TNE)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 1/6/0

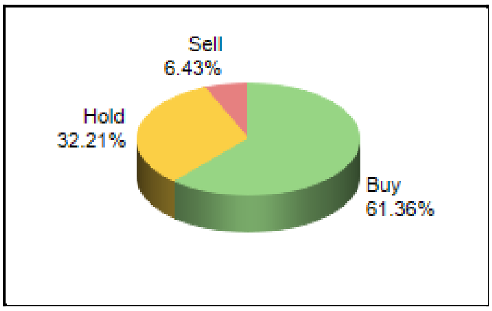
Bell Potter downgrades TechnologyOne to Hold from Buy while lifting the target price to $31 from $29 due to an expected robust result at the upcoming May 20 market update, plus a higher valuation ascribed to the stock, alongside its safe haven status.

The broker expects the company to post a strong report and forecasts 14% growth in revenue with profit before tax growth of 19%, on a rise in margin to 26.4% from 25.1% a year earlier.

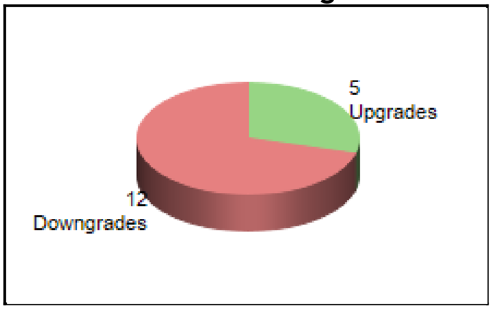
Management is also anticipated to back up the result with strong guidance for FY25 (year to September) and profit before tax of 14%18%, which is above FY24 at 12%16%.

Market consensus is anticipating growth in profit before tax of 19% in FY25, so the analyst believes even guidance upgrades by management will not result in consensus upgrades.

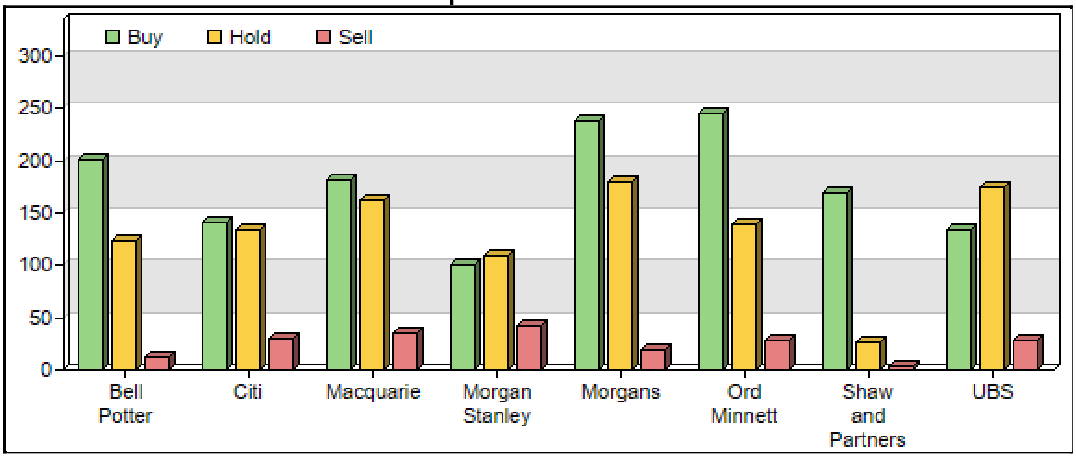
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AMCOR PLC	Buy	Neutral	Morgans
2	CORPORATE TRAVEL MANAGEMENT LIMITED	Buy	Neutral	UBS
3	NORTHERN STAR RESOURCES LIMITED	Buy	Neutral	Citi
4	ORICA LIMITED	Buy	Neutral	Citi
5	WOODSIDE ENERGY GROUP LIMITED	Buy	Neutral	Ord Minnett
Downgrade				
6	APA GROUP	Buy	Buy	Ord Minnett
7	AROA BIOSURGERY LIMITED	Buy	Buy	Morgans
8	BLUESCOPE STEEL LIMITED	Neutral	Buy	Citi
9	BURGUNDY DIAMOND MINES LIMITED	Neutral	Buy	Bell Potter
10	CORPORATE TRAVEL MANAGEMENT LIMITED	Neutral	Buy	Morgan Stanley
11	ENDEAVOUR GROUP LIMITED	Neutral	Buy	UBS
12	HELIA GROUP LIMITED	Sell	Neutral	Macquarie
13	PLATINUM ASSET MANAGEMENT LIMITED	Sell	Neutral	Bell Potter
14	SGH LIMITED	Neutral	Buy	Bell Potter
15	SMARTGROUP CORPORATION LIMITED	Neutral	Buy	Bell Potter
16	STRIKE ENERGY LIMITED	Neutral	N/A	Ord Minnett
17	TECHNOLOGY ONE LIMITED	Neutral	Buy	Bell Potter

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	STX	STRIKE ENERGY LIMITED	0.247	0.215	14.88%	3

2	LYC	LYNAS RARE EARTHS LIMITED	7.658	7.250	5.63%	6
3	SRG	SRG GLOBAL LIMITED	1.615	1.553	3.99%	4
4	ORI	ORICA LIMITED	21.805	21.085	3.41%	6
5	UNI	UNIVERSAL STORE HOLDINGS LIMITED	10.266	9.942	3.26%	5
6	EVN	EVOLUTION MINING LIMITED	7.321	7.100	3.11%	7
7	NWS	NEWS CORPORATION	64.500	62.750	2.79%	3
8	NIC	NICKEL INDUSTRIES LIMITED	1.072	1.048	2.29%	6
9	WTC	WISETECH GLOBAL LIMITED	133.050	130.471	1.98%	6
10	ING	INGHAMS GROUP LIMITED	3.583	3.527	1.59%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	CTD	CORPORATE TRAVEL MANAGEMENT LIMITED	14.607	17.019	-14.17%	7
2	RWC	RELIANCE WORLDWIDE CORP. LIMITED	4.817	5.325	-9.54%	6
3	HLO	HELLOWORLD TRAVEL LIMITED	2.180	2.297	-5.09%	3
4	CSC	CAPSTONE COPPER CORP.	11.367	11.933	-4.74%	3
5	FLT	FLIGHT CENTRE TRAVEL GROUP LIMITED	17.392	18.225	-4.57%	6
6	29M	29METALS LIMITED	0.213	0.223	-4.48%	4
7	SUL	SUPER RETAIL GROUP LIMITED	15.458	16.183	-4.48%	6
8	DNL	DYNO NOBEL LIMITED	3.090	3.215	-3.89%	6
9	SIQ	SMARTGROUP CORPORATION LIMITED	9.185	9.552	-3.84%	6
10	RHC	RAMSAY HEALTH CARE LIMITED	38.158	39.670	-3.81%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	GL1	GLOBAL LITHIUM RESOURCES LIMITED	-2.750	-4.400	37.50%	3
2	N/A	N/A	N/A	N/A	N/A	N/A
3	EVN	EVOLUTION MINING LIMITED	53.237	49.429	7.70%	7
4	NIC	NICKEL INDUSTRIES LIMITED	5.667	5.377	5.39%	6
5	SYR	SYRAH RESOURCES LIMITED	-10.354	-10.862	4.68%	4
6	SRG	SRG GLOBAL LIMITED	8.825	8.433	4.65%	4
7	ORI	ORICA LIMITED	106.760	102.120	4.54%	6
8	C79	CHRYSOS CORP. LIMITED	-3.533	-3.667	3.65%	3
9	SIG	SIGMA HEALTHCARE LIMITED	4.040	3.960	2.02%	5
10	SUN	SUNCORP GROUP LIMITED	118.775	117.275	1.28%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	29M	29METALS LIMITED	-0.067	0.750	-108.93%	4
2	BOE	BOSS ENERGY LIMITED	1.900	2.471	-23.11%	7
3	CTD	CORPORATE TRAVEL MANAGEMENT LIMITED	58.857	73.300	-19.70%	7
4	RWC	RELIANCE WORLDWIDE CORP. LIMITED	28.807	31.048	-7.22%	6
5	LYC	LYNAS RARE EARTHS LIMITED	4.783	5.117	-6.53%	6
6	AMC	AMCOR PLC	104.875	111.897	-6.28%	6
7	HCW	HEALTHCO HEALTHCARE & WELLNESS REIT	7.700	8.200	-6.10%	4
8	QUB	QUBE HOLDINGS LIMITED	15.150	15.925	-4.87%	4
9	AUB	AUB GROUP LIMITED	160.800	168.550	-4.60%	4
10	HMC	HMC CAPITAL LIMITED	47.960	50.180	-4.42%	5

Technical limitations

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WEEKLY REPORTS

Uranium Week: A Fundamental Disconnect?

The big picture outlook for uranium demand remains strong which has commentators questioning (again) is the uranium market disconnected from the longer-term picture?

-ASX short positions barely shift according to latest ASIC data
-Demand dynamics for nuclear fuel remain robust
-Oregon Group questions the 'fundamental disconnect'
-U308 supply challenges continue to mount

By Danielle Ecuyer

What's been happening in U308 markets

In the last few weeks, FNArena has written extensively on the oversold positions in Australian uranium stocks, alongside the high short interests versus the improvement in company fundamentals, notably **Paladin Energy** ((PDN)) and **Boss Energy** ((BOE)).

Ord Minnett has been trumpeting the unsustainability of those short positions and the expected durability of a short covering rally.

While uranium stocks have certainly advanced off their 52-week lows, the latest ASIC data on short positions as of May 5 still show four U308 companies inside the Top 20.

Against the previous week, the positions have shrunk ever so slightly. Boss is still in the number one position at 24.85% shorted, followed by Paladin at 16.24%, **Deep Yellow** ((DYL)) at number four with 12.41%, and Lotus Resources **((LOT)**) at 9.01%.

Morgan Stanley is the latest broker to ponder the machinations of the uranium market, highlighting a positive rebound in the U308 spot price by 6% this year from the 2025 lows to US$69/lb-US$70/lb.

Like many markets, uncertainty around tariffs and trade policies, overlaid with geopolitics regarding Russian exports, saw utilities take a back seat while some clarity formed.

Over the first quarter of 2025, contracting activity fell by -9% with US purchases halving.

With the exemption of reciprocal tariffs under Annex II, Morgan Stanley points to an improvement in U308 procurement, although the magnitude of the recovery may be curtailed by limitations in conversion capacity.

Industry consultant TradeTech highlighted U308 spot price remained at US$70/lb last week, reflecting a rise of 7.7% over April but still down year-to-date by -7.9%.

Transactions in the spot market over the week were thin, with buyers bidding below US$70/lb and sellers refusing to budge.

TradeTech notes no transactions in the term market, although participants are reported as monitoring the outcome of several mid- and long-term requests for proposals.

One utility is evaluating offers for up to 300klbs U308 per annum with deliveries starting in 2026. Offers have been requested to remain valid until May 13.

The TradeTech Mid-Term price indicator for the week was US$72/lb and the Long-Term price indicator US$80/lb.

Taking a Long-Term View on Demand

Oregon Group put pen to paper recently with its latest views on uranium and a follow-up to its 2022 report when the group forecast a 10-year bull market, noting since then there are more nuclear reactors, more under construction, and more planned.

Demand for uranium and global consumption has risen, yet there has not been a corresponding adjustment and increase in supply.

Morgan Stanley stresses the same point, detailing China is leading the way globally in nuclear reactors, having approved another ten new reactors in April. This is the fourth consecutive year China has approved ten or more new developments.

Oregon states China has 58 operable reactors with 158 proposed. In comparison, the US has 94 operable reactors with 13 proposed, and Russia 36 in operation and 51 proposed.

India has 24 with 28 proposed. Globally, 362 reactors are proposed compared to 440 operable.

The argument for nuclear energy is boosted by the ongoing global shift to decarbonise and provide what is often referred to as around-the-clock baseload power, in lieu of coal-fired generation plants.

While only 10% of the world's electricity is supplied by nuclear, the existing 440 reactors prevent emissions of 2.1bn CO2 equivalent annually.

The emergence of GenAI and the ancillary flow-on demand for ever-larger and more powerful energy voracious data centres has only served to boost the demand side of the market dynamics.

Large language models such as ChatGPT require almost 100% more electricity to process a query than traditional search engines such as offered by Google.

Goldman Sachs has forecast electricity demand from data centres will double by 2030, and nuclear power is a key part of the solution.

Oregon also quotes the World Nuclear Association's *2024 Nuclear Fuel Report*, which estimates nuclear generation may grow by as much as 240% by 2040. The association estimates by 2050 uranium demand will have increased to as much as 140,000t uranium versus 59,000t in 2023.

Given the decline in the spot U308 price from US$100/lb in 2024 to US$70/lb, the group begs the question: either the 2022 analysis has gone awry, and the party is over? Or are uranium markets experiencing **a fundamental disconnect?**

<u>Turning to the Supply Side of the Equation</u>

Within the context of supply, Oregon dissects the nature of the uranium markets, as unlike other commodities, U3O8 does not trade on an open platform.

Market participants negotiate privately either on spot but mostly through longer-term contracts in what is referred to as the "term" market.

Utilities are the major participants through long-term price contracts, with usually scant if no details on stockpiles and acquisition plans.

The spot market, which tends to set the tone regarding the movement and sentiment for uranium producers and developers (stocks), is constituted by volumes transacted by funds, such as the Sprott Physical Uranium Trust, as well as suppliers like Cameco and Orano picking up additional inventory.

The spot market is "notoriously thin" and lacks considerable transparency.

Given the structure of the markets to trade, investors need to also ponder the geopolitical overlay regarding supply.

The Ukraine/Russia war and associated sanctions and export restrictions against the supply of U308 from Russia have highlighted the lingering uncertainty over supplies.

President Trump exacerbated the uncertainty with trade tariffs on Canada, a major supplier of uranium to the US, up until the exemption which saw the tariff impost decline to 10% from 25%.

Key to supply is Kazakhstan, the world's largest producer, which supplies around 25% of America's uranium supply and is increasingly going to most probably direct all production to Russia and China.

In terms of the split in supplies, global mining of U308 generated around 49,490t in 2022 or 74% of annual utility demand, with existing stockpiles providing the balance.

Oregon highlights secondary supplies are anticipated to decline to around 9% of total supply by 2030 and remain at this level out to 2040, citing an industry source.

Much of the new uranium supply is dependent on the price. While the current term price is some three times higher than the twenty-year price low set in 2018, it remains below the triple-digit incentive price required to spur on new developments and mines to meet growing demand.

Oregon details the challenges to expanding mining capacity from cost inflation to operational challenges, long lead times, and a higher incentive price.

Deep Yellow recently announced a delay in its final investment decision for the Namibian Tumas project, awaiting a recovery in the U308 spot price. The company also lifted capex guidance by US$62m to -US$472m and the first-year opex by US$4.25/lb to -US$38.60/lb on an estimated achieved uranium price of US$82.50/lb.

Oregon Group concludes global uranium supply has a challenging task to confront, with the prospect of growing demand for nuclear fuel.

Morgan Stanley also articulates supply-side constraints, with **Peninsula Energy** ((PEN)) recently downgrading US mine production for FY25-FY27 due to bad weather and supply chain problems.

Paladin has also experienced extreme wet weather impacts and delays in ramping up Langer Heinrich, while sulphuric acid challenges in Kazakhstan are impacting the **Cameco-Kazatomprom** JV in the country, which could affect the latter's ramp-up by over 6.6kt from 2024-2030.

The broker also does not believe **NexGen's** ((NXG)) Rook 1 will likely be online this decade.

Morgan Stanley forecasts the spot uranium price to remain "elevated" through 2025 and forecasts US$69/lb on average for 3Q 2025.

Notably, demand from ETFs has been missing since November but could improve if the narrative and outlook for AI data centres returns to markets.

Latest Corporate News

Canaccord Genuity was the latest broker to highlight Boss' market update featured better-than-expected production, sales, realised price, and costs for the March quarter, with management re-affirming FY25 production guidance.

The stock is rated Speculative Buy with a target price of $5.15, down from $5.35.

Lotus Resources was in the news for its progress at the Kayelekera Uranium Project in Malawi, and Canaccord observed first production remains scheduled for 3Q 2025. This stock retains a Speculative Buy with a target price of 31c, down from 34c.

For more recent updates and articles:

https://fnarena.com/index.php/2025/05/06/uranium-week-stocks-surge-shorts-scramble/

https://fnarena.com/index.php/2025/04/29/uranium-week-tariff-exemption-piques-interest/

https://fnarena.com/index.php/2025/04/22/uranium-week-stock-bulls-dig-in/

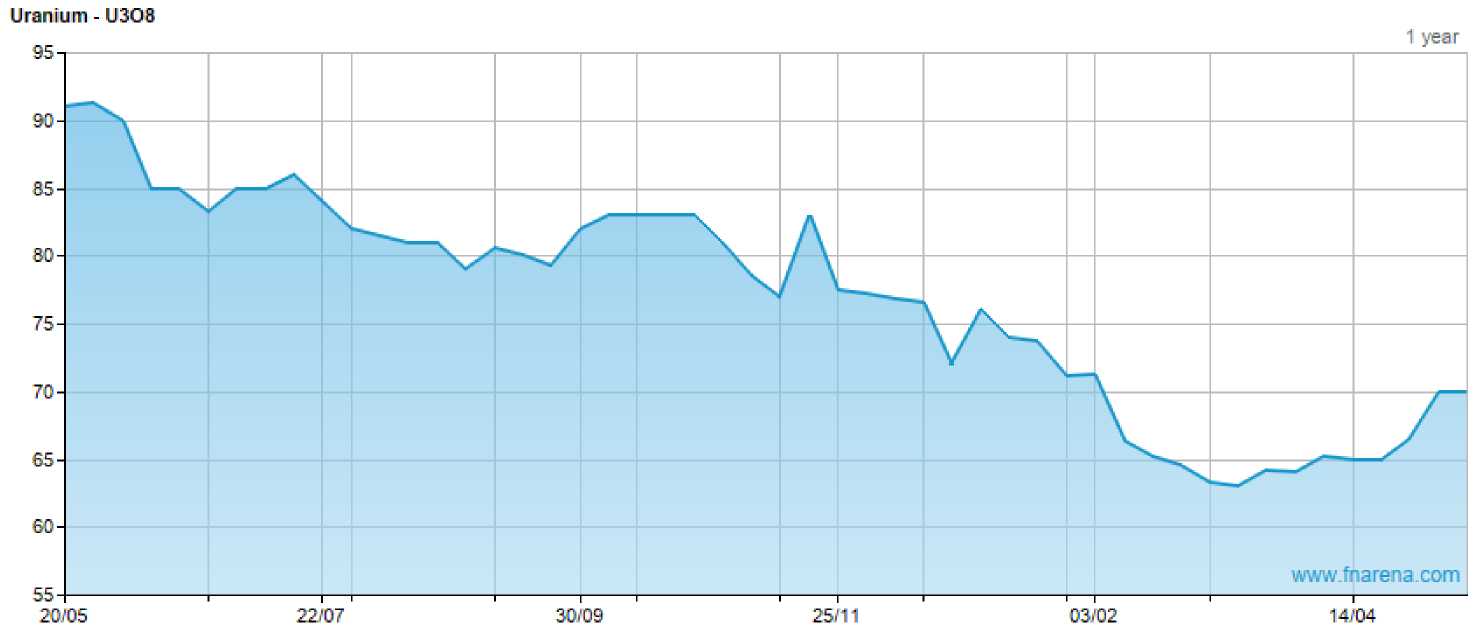
https://fnarena.com/index.php/2025/04/16/boss-energy-on-the-beat/

https://fnarena.com/index.php/2025/03/11/uranium-week-capitulation-near-the-bottom/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	09/05/2025	0.0600	▲20.00%	$0.10	$0.03			
AEE	09/05/2025	0.1300	▲ 8.70%	$0.19	$0.10			
AGE	09/05/2025	0.0300	▲ 6.90%	$0.07	$0.02		$0.100	▲233.3%
AKN	09/05/2025	0.0100	0.00%	$0.02	$0.01			
ASN	09/05/2025	0.0600	▼- 1.85%	$0.17	$0.05			
BKY	09/05/2025	0.5300	▲10.10%	$0.66	$0.30			
BMN	09/05/2025	3.0500	▲14.34%	$4.87	$1.76		$4.700	▲54.1%
BOE	09/05/2025	3.9300	▲ 9.42%	$5.99	$1.99	208.4	$3.759	▼- 4.4%
BSN	09/05/2025	0.0100	▼- 6.67%	$0.11	$0.01			
C29	09/05/2025	0.0400	▼-20.00%	$0.13	$0.03			
CXO	09/05/2025	0.0700	▼- 1.41%	$0.17	$0.06		$0.090	▲28.6%

CXU	09/05/2025	0.0100	0.00%	$0.04	$0.01			
DEV	09/05/2025	0.0800	▲ 6.41%	$0.45	$0.07			
DYL	09/05/2025	1.3500	▲14.41%	$1.83	$0.75	-1370.0	$1.570	▲16.3%
EL8	09/05/2025	0.3200	▲ 6.67%	$0.62	$0.19			
ERA	09/05/2025	0.0020	▼-50.00%	$0.05	$0.00			
GLA	09/05/2025	0.0100	0.00%	$0.02	$0.01			
GTR	09/05/2025	0.0030	0.00%	$0.01	$0.00			
GUE	09/05/2025	0.0600	▼-14.29%	$0.13	$0.05			
HAR	09/05/2025	0.0500	▲12.50%	$0.12	$0.03			
I88	09/05/2025	0.0900	▼-10.00%	$1.03	$0.09			
KOB	09/05/2025	0.0400	0.00%	$0.18	$0.04			
LAM	09/05/2025	0.7200	0.00%	$1.04	$0.48			
LOT	09/05/2025	0.1900	▲ 5.71%	$0.49	$0.13		$0.325	▲71.1%
MEU	09/05/2025	0.0400	▼- 4.65%	$0.06	$0.03			
NXG	09/05/2025	9.0800	▲ 8.91%	$13.53	$6.44		$14.650	▲61.3%
ORP	09/05/2025	0.0300	▼-25.00%	$0.11	$0.03			
PDN	09/05/2025	6.4600	▲ 2.91%	$17.98	$3.93	-388.1	$8.507	▲31.7%
PEN	09/05/2025	0.6200	0.00%	$2.44	$0.55		$1.000	▲61.3%
SLX	09/05/2025	3.0500	▼- 5.45%	$6.74	$2.28		$6.500	▲113.1%
TOE	09/05/2025	0.2100	▲ 5.13%	$0.46	$0.15			
WCN	09/05/2025	0.0300	▲47.83%	$0.04	$0.01			



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

WEEKLY REPORTS

The Short Report - 15 May 2025

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

Summary:

Week Ending May 8th, 2025 (most recent data available through ASIC).

10%+

XCLWAY refers to an Australian Government Exchange-Traded Treasury Bond

XCLWAY	43.54%
BOE	24.27%
PDN	15.98%
MIN	13.19%
IEL	12.71%
DYL	12.18%
LTR	11.92%
PLS	11.73%
CTT	10.65%
PNV	10.53%
KAR	10.31%
LIC	10.15%
DMP	10.03%

In: XCLWAY, CTT, KAR
Out: LOT

9.0-9.9%

SLX	9.08%

Out: CTT, KAR

8.0-8.9%

CU6	8.81%
LYC	8.65%
LOT	8.41%
CTD	8.13%

In: CU6, LOT, CTD

7.0-7.9%

IGO	7.90%
SGR	7.72%
JLG	7.64%

RIO	7.47%
JHX	7.29%
TWE	7.19%
BMN	7.10%
MP1	7.01%

Out: CTD, CU6, SYR

6.0-6.9%

PWH	6.82%
SYR	6.70%
STX	6.51%
INR	6.16%
ADT	6.13%
NCK	6.08%
CHN	6.07%
GMD	6.01%

In: SYR

5.0-5.9%

NXT	5.88%
CUV	5.81%
ZIP	5.78%
MSB	5.75%
AD8	5.63%
NVX	5.55%
NEU	5.55%
VEA	5.42%
RMS	5.38%
IMU	5.24%
SFR	5.23%
PEN	5.20%
CIA	5.17%
IPX	5.09%
FLT	5.07%

In: IPX
Out: WEB, PTM

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.8	0.7	NAB	0.8	0.8
ANZ	0.4	0.4	QBE	0.3	0.3
BHP	0.5	0.5	RIO	7.5	7.4
CBA	1.2	1.3	STO	0.7	0.5
COL	0.6	0.6	TCL	1.2	1.0
CSL	0.5	0.5	TLS	0.5	0.5

FMG	1.1	1.1	WBC	1.0	0.8
GMG	0.5	0.4	WDS	3.2	3.1
JHX	7.3	7.2	WES	0.6	0.6
MQG	0.7	0.7	WOW	0.8	0.8

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

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

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

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WEEKLY REPORTS

In Brief: Superloop, Woolworths & Ampol In Focus

Weekly Broker Wrap: Latest updates on Superloop, Ampol and supermarket operators Coles and Woolworths.

-Origin marketing continues to underpin Superloop's growth outlook
-Lots of noise, but positive tailwinds for supermarket operators
-Ampol plugs the illicit tobacco hole with an asset sale

Quote of the week from Carl Ang, MFS Investment Management, May 15

"Expectations are strongly pointing towards a further 25bps cut at next week's RBA meeting.

Economic data so far has ranged from broadly neutral to slightly soft in tone, like the flat real retail sales growth over the first quarter.

Moreover, downside risks and uncertainty around Australia's economic outlook have increased substantially, factoring in Liberation Day, global tariff movements since then, as well as the Australian Federal Election.

Overall, global developments likely increase the scope for a more tangibly dovish pivot from the RBA.

For this RBA cutting cycle, we expect further 25bps cuts each quarter and a terminal rate of 3.1% in early 2026."

Superloop continues to tick many positive boxes

Last time **Superloop** ((SLC)) featured in *In Brief* --in November 2024-- brokers were pretty upbeat on the stock. See https://fnarena.com/index.php/2024/11/29/in-brief-superloop-qantas-jumbo-qualitas-gqg/

General optimism has been vindicated since with the share price this week trading around $2.55 compared to around $2 back then. The latest updates from Canaccord Genuity, Jarden and Wilsons retain a positive outlook.

The telco challenger announced it had achieved 200k new subscribers through its whitelabeling marketing agreement with **Origin Energy** ((ORG)) as of May 13, noted as the achievement of Milestone #3 by Wilsons. This was better than the 195k forecast due to heavy price discounting by Origin.

Superloop signed the six-year contract a year ago involving the transfer of 130k Origin broadband customers at that stage, with any further Origin broadband customers going to Superloop. The agreement proposes several milestones including incremental growth of 50k subscribers.

With Milestone #3 achieved, Milestone #8 is 450k subscribers.

Jarden highlights Superloop will issue another 2.5m shares to Origin under the agreement.

Origin is entitled to up to $30m worth of Superloop shares if further customer growth milestones are met, such as expanding its broadband customer base to 600,000 by FY26.

The current subscriber growth rate suggests to Jarden Origin is on pace to achieve 210k in 2H25, which would add an incremental $10m in earnings (EBITDA) to Superloop.

Once adjusting for new shares on issue, the broker makes some minor upgrades to EPS estimates for FY25-FY27. Jarden retains an Overweight, Buy-equivalent rating with a $2.60 target price.

Canaccord Genuity believes Superloop has multiple longer-term earnings drivers, including the domestic trend of subscribers transitioning to higher internet speeds, where the company is securing 15%-20% of new subscribers, or three times its current market share.

The company's branding as a "challenger" wholesaler is also viewed as a positive aspect, while the Origin contract, with another five years to run, has delivered over 50% growth in subscribers over the last 14 months.

Canaccord has a Buy rating with an upgraded target price of $2.78, up from $2.58.

FNArena daily monitored brokers have a consensus target price of $2.61 with four Buy-equivalent ratings.

Rising tide improves the outlook for supermarkets

The eleventh Fast Moving Consumer Goods (FMCG) survey by Jarden and the Australian Food & Grocery Council (AFGC) includes 54 participants surveyed between May 6-11, with expectations of growth rising to around 1.7% from 1.3% in January.

The responses indicated Aldi continues to gain market share, with **Coles Group** ((COL)) expected to "outpace" **Woolworths Group** ((WOW)), and IGA, supplied by **Metcash Group** ((MTS)), expected to lose share.

The analyst explains part of the loss relates to growth in online grocery sales.

Jarden has six main takeaways:

-54% of respondents are planning to lift prices in the next six months.

-Growth, as highlighted, is guided higher by suppliers.

-Coles is expected to continue to outperform Woolworths over the next six months.

-Regulation via the grocery inquiry impact is fading.

-Consumers are behaving in a less loyal fashion, with larger baskets for promotions and cross-shopping more stores, as well as trading down to private labels.

-The question remains whether supply chains are "moderating".

The latest price cut announcements from Woolworths on May 12 and Coles on May 13, highlighting cuts already in place, create more "noise", the broker states, against what had seemingly moved to a more rational market since January.

Sector risks are seen fading and giving way to more positive tailwinds for both Coles and Woolworths into FY26.

Woolworths is preferred, although there are opportunities for both large supermarkets to benefit from consumers trading up.

Jarden details upside potential for Woolworths due to low market expectations and a -$450m cost-out being banked versus reinvestment, as well as cycling of weaker comps into FY26, with rising return on invested capital as peak capex is worked through.

Woolworths carries an Overweight rating, Buy-equivalent, with a $36.30 target price.

FNArena daily monitored brokers have a consensus target price of $33.036, with four Hold-equivalent ratings and three Buy-equivalent ratings.

Ampol moves to offset tobacco risks

The sale of **Ampol's** ((ALD)) electricity retail business in A&NZ has led Goldman Sachs to upgrade earnings estimates for the company.

The analyst forecasts an incremental improvement of 2% in earnings (EBITDA) for 2026 on the back of anticipated post-tax proceeds of around $35m and associated cost reductions of -$30m, exceeding the existing cost-out of -$50m.

Cost-outs should exceed Ampol's gross profit from tobacco sales of around $65m in 2024, thereby limiting the possible earnings impact from illegal tobacco sales.

The sale will enable management to focus on its EV charging network and Future Energy Decarbonisation business.

Goldman Sachs lifts EPS estimates by 2% and 3% for 2025/2026, respectively. Target price rises to $31.80, up 3%, with a Buy rating.

FNArena daily monitored brokers have a consensus target price of $29.90, with Ord Minnett the standout at $35.55 and Macquarie the lowest at $23.50. The tally consists of three Buy-equivalent ratings and one Hold-equivalent.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 16-05-25

Broker Rating Changes (Post Thursday Last Week)

Outside of the Daily Australian Broker Call Report, FNArena recorded no broker upgrades last week, only two downgrades.

Downgrade

COMPUTERSHARE LIMITED ((CPU)) Downgrade to Sell from Neutral by Goldman Sachs.B/H/S: 0/0/0

Following a trading update, Goldman Sachs downgrades Computershare to Sell, citing an uncertain earnings outlook and valuation that screens as expensive relative to downside risks. The target falls to $37.50 from $38.94.

FY25 EPS guidance of 135cps was maintained, yet a downgrade to margin income (MI) and potential weakness in transaction-related revenue leave the broker cautious over earnings risks across FY26-27.

The analyst notes MI is potentially a significant headwind due to expected rate cuts, with earnings highly sensitive to yield trends despite partial hedging.

Economic uncertainty could also weigh on corporate action and employee share plan (ESP) revenues, highlights the broker, while the company's cost-out programs are tapering, limiting near-term margin expansion.

GOLD ROAD RESOURCES LIMITED ((GOR)) Downgrade to Hold from Buy by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity notes Gold Road Resources has entered into a scheme implementation deed with Gold Fields, which will acquire 100% of the company for $3.40/share.

The deal consists of $2.52/share fixed, and variable linked to Gold Road's stake in Northern Star Resources ((NXT)) valued at 88c as of May 2.

The broker views the deal as a good outcome as it is a 12% increase from Gold Fields' initial offer and a 27% premium to the stock's record high in early March.

Rating downgraded to Hold from Buy. Target cut to $3.40 from $3.45.

Order	Company	New Rating	Old Rating	Broker
Downgrade				
1	COMPUTERSHARE LIMITED	Sell	Neutral	Goldman Sachs
2	GOLD ROAD RESOURCES LIMITED	Neutral	Buy	Canaccord Genuity

Price Target Changes (Post Thursday Last Week)

Company	Last Price	Broker	New Target	Old Target	Change

360 Life360	$30.89	Goldman Sachs	31.00	27.00	14.81%
ANZ ANZ Bank	$29.34	Jarden	30.00	30.50	-1.64%
ASK Abacus Storage King	$1.52	Moelis	1.59	1.47	8.16%
AUE Aurum Resources	$0.48	Petra Capital	0.95	1.02	-6.86%
AVC Pier 12 Capital	$0.50	Canaccord Genuity	N/A	1.20	-100.00%
BGL Bellevue Gold	$0.86	Canaccord Genuity	1.50	N/A	N/A
CNB Carnaby Resources	$0.27	Moelis	0.80	0.75	6.67%
CPU Computershare	$41.51	Goldman Sachs	37.50	38.00	-1.32%
CSL CSL	$242.70	Goldman Sachs	304.60	307.20	-0.85%
CYL Catalyst Metals	$7.09	Taylor Collison	6.43	4.52	42.26%
DNL Dyno Nobel	$2.76	Goldman Sachs	3.05	3.10	-1.61%
FPR FleetPartners Group	$3.01	Canaccord Genuity	3.75	3.40	10.29%
GDG Generation Development	$4.97	Moelis	5.81	5.72	1.57%
GOR Gold Road Resources	$3.27	Canaccord Genuity	3.40	3.45	-1.45%
GQG GQG Partners	$2.28	Jarden	3.20	3.10	3.23%
HGO Hillgrove Resources	$0.04	Moelis	0.07	0.06	16.67%
HLO Helloworld Travel	$1.58	Jarden	2.61	2.60	0.38%
HLS Healius	$1.09	Jarden	0.93	1.35	-31.11%
JBH JB Hi-Fi	$103.78	Goldman Sachs	74.00	73.90	0.14%
		Jarden	95.50	95.80	-0.31%
JHX James Hardie Industries	$39.18	Jarden	44.00	45.00	-2.22%
LNW Light & Wonder	$131.56	Jarden	189.00	197.00	-4.06%
MM8 Medallion Metal	$0.25	Petra Capital	0.43	0.36	19.44%
MPL Medibank Private	$4.76	Jarden	4.45	4.30	3.49%
NAB National Australia Bank	$37.24	Jarden	29.00	30.00	-3.33%
NEC Nine Entertainment	$1.54	Goldman Sachs	1.75	1.80	-2.78%
		Jarden	1.80	1.85	-2.70%
NHF nib Holdings	$6.88	Goldman Sachs	7.20	7.00	2.86%
		Jarden	7.20	7.00	2.86%
NXL Nuix	$2.36	Moelis	2.50	3.07	-18.57%
NXT NextDC	$13.88	Canaccord Genuity	20.15	18.85	6.90%
		Goldman Sachs	16.50	14.70	12.24%
OML oOh!media	$1.66	Goldman Sachs	1.55	1.50	3.33%
ORI Orica	$18.67	Jarden	19.70	17.90	10.06%
PEX Peel Mining	$0.07	Canaccord Genuity	0.17	0.40	-57.50%
PNI Pinnacle Investment Management	$20.13	Jarden	22.60	22.05	2.49%
PXA Pexa Group	$11.83	Goldman Sachs	14.20	14.50	-2.07%
		Jarden	15.25	15.50	-1.61%
QBE QBE Insurance	$22.74	Goldman Sachs	25.50	25.00	2.00%
		Jarden	24.60	24.10	2.07%
REA REA Group	$250.81	Goldman Sachs	269.00	273.00	-1.47%
REG Regis Healthcare	$7.65	Jarden	7.75	7.56	2.51%
RHC Ramsay Health Care	$35.96	Goldman Sachs	38.70	43.00	-10.00%
RSG Resolute Mining	$0.57	Canaccord Genuity	1.40	1.00	40.00%
RXL Rox Resources	$0.29	Canaccord Genuity	N/A	0.61	-100.00%
SDR SiteMinder	$4.44	Jarden	4.45	6.75	-34.07%
SDV SciDev	$0.37	Canaccord Genuity	0.60	0.65	-7.69%
SGM Sims	$15.59	Jarden	14.70	14.80	-0.68%
SUL Super Retail	$14.16	Jarden	14.80	15.70	-5.73%
SXL Southern Cross Media	$0.75	Canaccord Genuity	1.08	0.96	12.50%
TCG Turaco Gold	$0.42	Canaccord Genuity	1.00	0.80	25.00%
TCL Transurban Group	$14.19	Jarden	13.60	12.40	9.68%
TPW Temple & Webster	$19.57	Canaccord Genuity	19.00	17.50	8.57%
		Petra Capital	20.00	17.70	12.99%
WGX Westgold Resources	$2.64	Canaccord Genuity	4.40	4.85	-9.28%
WTC WiseTech Global	$104.90	Jarden	94.00	100.00	-6.00%
Company	Last Price	Broker	New Target	Old Target	Change

More Highlights

AUE AURUM RESOURCES LIMITED

Gold & Silver Overnight Price: $0.48

Petra Capital rates ((AUE)) as Buy (1)

Aurum Resources announced a strategic $35.6m placement at 35.6c/share to the Lundin Family, Zhaojin Mining, and Montage Gold, each taking material stakes of 9.9%, 8.5%, 9.9% ,respectively, with the balance allocated to other investors.

Petra Capital says this strengthens the company's capital position ahead of advancing the Boundiali (BD) and Napie gold projects in Cote d'Ivoire and highlights rising corporate interest in West African gold assets.

The funds will accelerate resource drilling, feasibility studies, and permitting work at BD, with production targeted from FY30.

Post-raise cash and shares are estimated by the broker at $45m, with quarterly burn at circa -$5m.

Petra Capital lowers the price target to $0.95 from $1.02 due to modeled dilution, and retains a Buy rating.

This report was published on May 8, 2025.

Target price is **$0.95** Current Price is **$0.48** Difference: **$0.47**
If **AUE** meets the Petra Capital target it will return approximately **98%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

> Petra Capital forecasts a full year **FY25** dividend of **0.00** cents and EPS of **16.00** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **3.00**.

Forecast for FY26:

> Petra Capital forecasts a full year **FY26** dividend of **0.00** cents and EPS of **21.10** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **2.27**.

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

CYL CATALYST METALS LIMITED

Gold & Silver Overnight Price: $6.61

Taylor Collison rates ((CYL)) as Speculative Buy (1)

Taylor Collison views Catalyst Metals' acquisition of the Old Highway gold project from Sandfire Resources ((SFR)) as a strategic fit for its hub-and-spoke model centred on the Plutonic Belt.

The project, located just 40km from the Plutonic mill, offers near-term, high-margin production of circa 35kozpa, highlights the broker, and will more than offset the around -24kozpa loss from the recently divested Henty asset.

The Henty sale also lifts group margins and grants a 12-year option on a permitted mill in Victoria, observes Taylor Collison, unlocking value at Four Eagles without new permitting risks.

Production at Plutonic underground remains consistent, and ramp-up at Plutonic East is underway, with first stoping ore delivered in 3Q of FY25, notes the analyst.

Guidance for the Plutonic Belt remains unchanged despite recent weather impacts. Target $6.43. Speculative

Buy.

This report was published on May 12, 2025.

Target price is **$6.43** Current Price is **$6.61** Difference: **minus $0.18** (current price is over target).
If **CYL** meets the Taylor Collison target it will return approximately **minus 3%** (excluding dividends, fees and charges negative figures indicate an expected loss).
The company's fiscal year ends in June.

Forecast for FY25:

> Taylor Collison forecasts a full year **FY25** EPS of **0.60** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **1101.67**.

Forecast for FY26:

> Taylor Collison forecasts a full year **FY26** EPS of **0.80** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **826.25**.

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

CCP CREDIT CORP GROUP LIMITED

Business & Consumer Credit Overnight Price: $13.48

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

Canaccord Genuity highlights Credit Corp's 3Q25 update showed an increase in US debt buying opportunity, partially offset by subdued conditions in Australia/NZ.

The US business is on track to generate 20% of the group's FY25 net profit, and the broker expects it to increase to 25% in FY26.

Gearing remained below 30% and productivity rose, with year-to-date average productivity per hour rising to $330, up 10% y/y.

The company reiterated FY25 net profit guidance of $90-100m, which aligns with the broker's forecast of $94m.

Buy. Target unchanged at $20.60.

This report was published on May 8, 2025.

Target price is **$20.60** Current Price is **$13.48** Difference: **$7.12**
If **CCP** meets the Canaccord Genuity target it will return approximately **53%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

> Canaccord Genuity forecasts a full year **FY25** dividend of **69.00** cents and EPS of **138.00** cents.
> At the last closing share price the estimated dividend yield is **5.12%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.77**.

Forecast for FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **77.00** cents and EPS of **152.00** cents.
> At the last closing share price the estimated dividend yield is **5.71%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.87**.

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

GDG GENERATION DEVELOPMENT GROUP LIMITED

Wealth Management & Investments Overnight Price: $4.79

Moelis rates ((GDG)) as Buy (1)

BlackRock took a minority stake in Generation Development by investing $25m and forming a strategic alliance

Under the deal, BlackRock will develop new retirement solutions for Australian retirees using the company's expertise in retirement income and its own global investment and technology capabilities.

Moelis has incorporated the placement into forecasts but expects the minor dilution to be more than offset by benefits from the deal, which it hasn't factored in yet. At this stage, the broker has highlighted upside potential as it conducts more analysis.

Buy. Target rises to $5.81 from $5.72.

This report was published on May 8, 2025.

Target price is **$5.81** Current Price is **$4.79** Difference: **$1.02**
If **GDG** 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 **2.00** cents and EPS of **8.30** cents.
At the last closing share price the estimated dividend yield is **0.42%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **57.71**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **4.70** cents and EPS of **11.50** cents.
At the last closing share price the estimated dividend yield is **0.98%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **41.65**.

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

NEC NINE ENTERTAINMENT CO. HOLDINGS LIMITED

Print, Radio & TV Overnight Price: $1.58

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

Goldman Sachs notes Nine Entertainment was cautious about the outlook for 4Q25 TV ad revenue despite the benefit in April from election spend and 3Q coming in line with expectations.

The broker lowered 2H25 total TV revenue growth to 5%, after factoring in flat growth in May and June.

Metro Publishing earnings outlook was upgraded but Stan was unchanged, and the company also reaffirmed longer term cost management programs.

Overall, the broker cut FY25-27 EBITDA forecasts by -1-2%. Buy. Target cut to $1.75 from $1.80.

This report was published on May 7, 2025.

Target price is **$1.75** Current Price is **$1.58** Difference: **$0.17**

If **NEC** meets the Goldman Sachs target it will return approximately **11%** (excluding dividends, fees and charges).
Current consensus price target is **$1.82**, suggesting upside of **15.0%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **7.00** cents and EPS of **9.40** cents.
At the last closing share price the estimated dividend yield is **4.43%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.81**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **9.7**, implying annual growth of **41.2%**.
Current consensus DPS estimate is **6.5**, implying a prospective dividend yield of **4.1%**.
Current consensus EPS estimate suggests the PER is **16.3**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** dividend of **9.00** cents and EPS of **12.00** cents.
At the last closing share price the estimated dividend yield is **5.70%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.17**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **13.1**, implying annual growth of **35.1%**.
Current consensus DPS estimate is **9.5**, implying a prospective dividend yield of **6.0%**.
Current consensus EPS estimate suggests the PER is **12.1**.

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

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