Australian Brokers Call - 02 September 2021

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ALU	$29.95	Underperform	$27.10	Macquarie
AND	$1.65	Add	$1.84	Morgans
AUA	$0.10	Add	$0.33	Morgans
AVG	$0.84	Add	$1.06	Morgans
HLO	$1.84	Add	$3.03	Morgans
ING	$4.07	Neutral	$4.10	Macquarie
MTS	$3.98	Buy	$4.10	Citi
OGC	$2.56	Neutral	$2.50	Macquarie
RCW	$0.28	Upgrade to Add from Hold	$0.37	Morgans
REG	$2.17	Outperform	$2.50	Macquarie
RRL	$2.48	Outperform	$3.60	Credit Suisse
TCL	$14.27	Outperform	$14.66	Macquarie

1.Macquarie rates ALU as Underperform

In a further reaction to FY21 results, which were below both Macquarie and consensus forecasts as well as company guidance, the broker lowers its target to $27.10 from $27.60. Yesterday, the broker decreased its rating to Underperform and its target to $27.60 from $30.

The analyst forecasts Altium's revenues will reach the lower end of the company's previously provided aspiration range in FY26. Also, it's estimated the US$500m revenue aspirational target will be reached by FY27, instead of guidance for FY26.

As a result of the discounts for term based licences, the broker estimates the breakeven point where they start generating more cumulative income versus perpetual has increased from on average four years up to 8-11 years.

Australian Brokers Call - 02 September 2021

2.Morgans rates AND as Add

FY21 revenue, adjusted earnings (EBITDA) and cash at bank were all in-line with Morgans latest forecasts. While no guidance was proffered, all the lead indicators are considered positive and the broker expects healthy revenue and earnings growth in FY22.Net subscriber adds steadily tracked higher over FY21.

The target price rises to $1.84 from $1.68 and the Add rating is unchanged. The analyst sees the company as a beneficiary of a surge in M&A, tenders and governance

3.Morgans rates AUA as Add

While Audeara's FY21 report was in-line with Morgans expectations, upbeat commentary from management suggests significant development and sales momentum continues. It's thought the weak share price since IPO is unjustified.

The analyst feels further upside may come from a higher sell-through across the existing installed base, progression of further supply agreements and expectations of maiden international sales. The Add rating and $0.33 target price are maintained.

4.Morgans rates AVG as Add

Australian Vintage delivered FY21 profit (NPATS) 7.5% ahead of Morgans forecast, reflecting the benefit of an improving sales mix, successful NPD (McGuigan Zero) and distribution gains. Material EPS upgrades see the target rise to $1.06 from $0.83.

The analyst highlights the performance of the UK/Europe business, which was again the standout. It's thought the company has made strong progress on executing its growth strategy throughout FY21 and this momentum is expected to continue in FY22.

5.Morgans rates HLO as Add

The FY21 result was better than Morgans expected as tight cost control kept losses and cash burn to a minimum. Upon attaining 80% vaccination rates, management feels international travel will return during 2H22. The broker expects earnings will fully recover in FY24.

The analyst maintains the Add rating given upside to the target price, which is now set at $3.03, up from $2.95. Management was unable to offer FY22 earnings guidance. First quarter total transaction value (TTV) has fallen again due to A&NZ border restrictions, notes Morgans.

The broker points out there's sufficient liquidity to maintain operations well into 2023 based on a low cash burn of around -$2-3m per month.

Australian Brokers Call - 02 September 2021

6.Macquarie rates ING as Neutral

Macquarie can see potential upside should Inghams Group bid for Hazeldene's Chickens (as per recent speculation) though a deal would likely cause ACCC competition concerns.

The broker had previously estimated Hazeldene's could be worth around $279m though recent press reports suggest it could sell for as much as $450m.

7.Citi rates MTS as Buy

Citi finds the trading update difficult to read because half of the transactions occurred during lockdowns in greater Sydney. Still, outperformance is implied in liquor with potential underperformance by supermarkets.

Supermarket sales declined by -1.8% in the first 16 weeks of FY22 and the broker interprets the available information to imply both Coles ((COL)) and Woolworths ((WOW)) outperformed.

8.Morgans rates MVF as Add

Monthly Medicare data indicates to Morgans strong fresh cycle growth continues in FY22, which suggests stronger growth than just pent-up demand alone. It's thought these levels are sustainable and normalised growth will continue from FY23.

The broker makes minor forecast changes and lifts its target price to $1.09 from $1.06. The Add rating is unchanged and the analyst highlights an attractive dividend yield.

9.Macquarie rates OGC as Neutral

OceanaGold Corp has announced that the Macraes and Waihi operations in New Zealand have restarted following a lift in the covid-19-related lockdown.

Despite the production impact being slightly higher than Macquarie anticipated, the news is considered positive.

10.Morgans rates RCW as Upgrade to Add from Hold

Given quarterly updates, Morgans didn't find much new in the FY21 results. The highlight was considered the doubling of annualised recurring revenue to $8.1m. No specific FY22 guidance was given.

The broker upgrades its rating to Speculative Buy from Hold on recent share price weakness. The target price falls to $0.37 from $0.39.

11.Macquarie rates REG as Outperform

Following FY21 results, Macquarie highlights occupancy improved in the second half, driven by a recovery in Victoria. However, the analysttempers near-term forecasts to capture more recent covid-19-related cost increases.

The underlying earnings (EBITDA) pre-AASB16 and underlying profit were both in line with the broker's estimates and the Outperform rating and $2.50 target price are unchanged.

12.Credit Suisse rates RRL as Outperform

FY21 operating earnings were in line with Credit Suisse estimates. The outlook for FY22 production is unchanged but mostly weighted to the second half because of mill maintenance in the September quarter and revised scheduling.

The stock remains the broker's top pick amongst intermediate gold stocks and an Outperform rating is maintained. Credit Suisse reduces the target to $3.60 from $4.00 after running new gold price forecasts and revising financing costs.

13.Macquarie rates TCL as Outperform

Macquarie increases the length of its lockdown assumptions and, despite assuming a relatively rapid bounce back, cautions the scope for dividend recovery is limited. The broker now forecasts a dividend of $0.423 (consensus $0.469) with risk to the down side.

The analyst also points out potential for a capital raise of $2.9-4.4bn to cover the WestConnex acquisition, which would dilute the yield in FY22 and FY23. However, the broker suggests the acquisition extends a strong growth outlook to the end of the decade.

Macquarie retains its Outperform rating and lowers its target price to $14.66 from $14.91.

Australian Brokers Call - 02 September 2021

Disclaimer and General Advice Instructions:

This report contains brief but selective reviews of recent Stockbrokers analysis, which should be regarded as information about future market behavior rather than advice on the securities mentioned. Do not take any action based on the contents of this report.

This document is provided by Laverne Securities Pty Ltd T/as Laverne Investing the Corporate Authorized Representative No. CAR No. 001269781 of Laverne Capital Pty Ltd AFSL 482937. The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst’s personal views about the Company and its financial products.

The information provided in the Report is provided by Morningstar, FactSet, and other subscribed sites. Laverne Investing is not a fund manager, however, the portfolio and the document are for general advice only, prepared by the Analysts and Research team for our clients. This report has Different Assumptions, Views, Analytical methods of the analyst with no guarantee of reliability and accuracy of the content.

The Research Analyst has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendations or views in this report. Laverne Securities has its own Research methodology, with regards to the rating and is confirmed by the team for long-term Strategic rating of the concerned security as an Investment for Portfolios with a High Growth High-Risk Profile. Individual Stock is Speculative and of High Risk in nature and strongly don’t recommend to buy and usually with High-Risk Profile and loss of capital always remains as Risky Assets.

All the Analysis and Data are Estimates or Information only. This Document is provided for the Advisors, their Clients, and Financial Professionals for information only and should not be considered an offer or solicitation of an offer to buy or sell a particular security or financial product or instrument. The information or services provided in this report may not be suitable for you and we strongly recommend taking the advice of your Financial Planner or Investment advisors. Laverne Investing will not treat the recipients as its customer by virtue of their receiving the report and should seek the advice of their consultant, prior to making any investment decision considering this report or relying on this report.