Australian Brokers Call - 23 August 2021

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ADH	$3.76	Buy	$4.40	UBS
ANZ	$28.31	Neutral	$28.50	Credit Suisse
BLX	$2.02	Buy	$2.21	Citi
COH	$237.05	Sell	$220.00	Citi
COH	$237.05	Hold	$214.50	Morgans
CWY	$2.66	Neutral	$2.60	Credit Suisse
CWY	$2.66	Hold	$2.53	Morgans
EVN	$3.99	Neutral	$4.20	Citi
ING	$4.09	Buy	$4.55	Citi
S32	$2.78	Add	$3.30	Morgans
SGP	$4.52	Buy	$5.03	Citi
SGP	$4.52	Buy	$5.00	UBS

1.UBS rates ADH as Buy

FY21 sales were up 29% and ahead of UBS estimates earnings also marginally beat forecasts. No guidance was provided. In the first seven weeks of the first half of FY22 like-for-like sales are up 5% while, overall, sales are down -12%.

While the trading update shows the impact of lockdowns UBS still assesses this was a good result and online is growing well. Buy rating and $4.40 target maintained.

If ADH meets the UBS target it will return approximately 17% (excluding dividends, fees and charges).

2.Credit Suisse rates ANZ as Neutral

Following the third quarter FY21 Pillar 3 release, Credit Suisse has upgraded ANZ Bank's FY21 and FY22 earnings by 1% driven by lower bad debts, with downgrades of 1-2% at an underlying profit level.

Credit Suisse believes ANZ continues to face some balance sheet momentum headwinds in the near term particularly in housing. While they are unlikely to be permanent, The broker believes ANZ could see muted revenue outcomes and some expense pressures as the bank addresses the issues.

3.Citi rates BLX as Buy

Citi reiterates a Buy rating and believes the stock can outperform the broader discretionary retail sector on the back of the housing cycle.

There are also a number of longer-term growth opportunities including the trade channel and international expansion, which the broker believes may be under appreciated.

If BLX meets the Citi target it will return approximately 9% (excluding dividends, fees and charges).

4.Citi rates COH as Sell

Further to the FY21 results, Citi lowers FY22 and FY23 estimates for earnings per share by -5% and -4%, respectively, on lower margins.

The current share price is implying even higher growth than the broker's estimate of 10%. Hence a Sell rating is maintained. Target is raised to $220 from $200.

If COH meets the Citi target it will return approximately minus 7% (excluding dividends, fees and charges - negative figures indicate an expected loss).

5.Morgans rates COH as Hold

While FY21 results were below consensus, they were in-line with Morgans expectations while guidance points to continued momentum. The Hold rating is unchanged and the target price increases to $214.5 from $201.1.

If COH meets the Morgans target it will return approximately minus 10% (excluding dividends, fees and charges - negative figures indicate an expected loss).

6.Credit Suisse rates CWY as Neutral

Cleanaway Waste reported FY21 underlying earnings of $535mn, in line with Credit Suisse forecast and consensus, while underlying attributable net profit of $151m was below expectations, due to higher D&A than the broker had forecast.

Mainly driven by increased landfill amortisation at Erskine Park, and full-year contribution from acquisitions and new contract wins, management expects D&A to step up further to $290m (excl. Suez Sydney) in FY22.

7.Morgans rates CWY as Hold

After FY21 results, Morgans downgrades short-term forecasts and upgrades medium-term forecasts and overall lifts its target price to $2.53 from $2.37.

Management reported strong momentum heading into FY22 until NSW covid restrictions hit, which compounded the previously disclosed New Chum earnings decline in FY22, explains the analyst.

8.Citi rates EVN as Neutral

Despite higher copper/gold prices over FY21, lower production expectations in FY22 have resulted in a -13% reduction in underlying net profit estimates.

Citi refines its forecasts with updated site guidance, allocating production ounces to lower margin assets. Neutral rating and $4.20 target retained.

If EVN meets the Citi target it will return approximately 5% (excluding dividends, fees and charges).

9.Citi rates ING as Buy

Citi remains constructive on the ability of Inghams to maintain and grow sales and earnings in FY22, despite the current lockdowns. Volume growth is expected to remain resilient given the company's performance throughout the lockdowns to date.

The renewal of the Woolworths ((WOW)) supply agreement also removes a likely overhang. The broker upgrades estimates for FY22-FY23 by 2% on the improved margin outlook. Buy retained. Target rises to $4.55 from $4.35.

If ING meets the Citi target it will return approximately 11% (excluding dividends, fees and charges).

10.Morgans rates S32 as Add

The FY21 result was ahead of Morgans estimates, and the broker upgrades its rating to Add from Hold given recent share price weakness. FY22 guidance was considered mixed, leading to higher production assumptions across some operations along with higher costs.

While cost pressures across the alumina smelters look like a key challenge heading into FY22, this still looks well covered by strength in metal prices, explains the broker. The target price rises to $3.30 from $3.15.

If S32 meets the Morgans target it will return approximately 19% (excluding dividends, fees and charges).

The company's fiscal year ends in June.

11.Citi rates SGP as Buy

FY21 results were at the top of the guidance range yet slightly below Citi's expectations. The broker believes FY22 guidance could prove conservative, at FFO per share of 34.6-35.6c.

The company is undertaking a strategic review with an update expected late in 2021. Citi increases the target by 4% to $5.03 amid lower net debt. Buy maintained.

If SGP meets the Citi target it will return approximately 11% (excluding dividends, fees and charges).

Current consensus price target is $4.71, suggesting upside of 4.1% (ex-dividends)

The company's fiscal year ends in June.

12.UBS rates SGP as Buy

FY21 results were in line with UBS estimates. The broker believes the potential for a multiple re-rating from the well-articulated strategy is not in captured in the share price.

Consistent with other A-REITs, overheads and maintenance expenditure have stepped up. FY22 guidance is for 34.6-35.6c in FFO per share which UBS believes is a positive, given the risk of a major re-set is now off the table and when compared with other A-REITs that have been reluctant to provide guidance. Buy rating and $ 5 target unchanged.

If SGP meets the UBS target it will return approximately 11% (excluding dividends, fees and charges).

Australian Brokers Call - 23 August 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.