

Australian Brokers Call - 03 December 2021

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ABB	\$5.21	Neutral	\$5.40	Credit Suisse
BHP	\$39.71	Neutral	\$38.00	UBS
BWX	\$4.21	Initiation of coverage with Buy	\$5.50	UBS
CHN	\$9.46	Outperform	\$10.70	Macquarie
CSL	\$305.30	Equal - Weight	\$280.00	Morgan Stanley
IVC	\$11.33	Hold	\$12.00	Ord Minnett
OSH	\$3.84	Buy	\$5.15	Ord Minnett
OTW	\$5.69	Hold	\$5.75	Morgan

ABB - AUSSIE BROADBAND LIMITED

Overnight Price: \$5.21

Credit Suisse rates ABB as Neutral

Credit Suisse incorporates Over The Wire Holdings ((OTW)) into forecasts on the assumption of a 60/40 cash/scrip ratio after Aussie Broadband announced the 100% acquisition for -\$344m. The target price rises to \$5.40 from \$5.15 and the Neutral rating is unchanged.

The broker likes the additional scale in the business/enterprise market from the acquisition, given the target's prevalence in the Voice, Cloud and Security segments. It's estimated the transaction will be around 14% EPS accretive in FY23.

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BHP - BHP GROUP LIMITED

Overnight Price: \$39.71

UBS rates BHP as Neutral

BHP Group will rid itself of its dual listed structure and unify under BHP Group Limited. Shares in London are scheduled to cease trading on 28th January, 2022 and UBS estimates the market is already pricing unification.

The Neutral rating and \$38 target price are retained.

BWX - BWX LIMITED

Overnight Price: \$4.21

UBS rates BWX as Initiation of coverage with Buy

UBS initiates coverage on BWX Ltd with a Buy rating and \$5.50 target price. The natural beauty and wellness company runs the Sukin, Andalou, Mineral Fusion and Go-To Skincare brands. The former makes up around 38% of pro forma FY21 sales, points out the analyst.

The company also operates pure-online platforms called Nourished Life and Flora & Fauna. The broker feels the ability to execute a global expansion is demonstrated by recent major retailer wins, namely Walmart US/Canada, Woolworths and Chemist Warehouse.

CHN - CHALICE MINING LIMITED

Overnight Price: \$9.46

Macquarie rates CHN as Outperform

Chalice Mining has discovered a new zone of mineralisation to the west of Gonneville which Macquarie believes presents the potential for an extension of Hartog outside the State Forest.

The broker makes no changes to its development base case for Gonneville nor earnings forecasts but does lift its value for regional exploration potential by 50% to reflect the discovery of the new mineralised zone.

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CSL - CSL LIMITED **Overnight Price: \$305.30**

Morgan Stanley rates CSL as Equal-weight

Media commentary has indicated CSL is in discussions for a \$10bn acquisition of pharmaceutical company Vifor. Depending on the equity to debt funding mix for the potential transaction, Morgan Stanley expects it could be 3.4-4.3% accretive to FY22 earnings per share.

The broker's view is that material cost and revenue synergies would be required to generate meaningful earnings benefit, and further considers CSL's collection centre to be underutilised and an area for potential improvement.

IVC - INVOCARE LIMITED **Overnight Price: \$11.33**

Ord Minnett rates IVC as Hold

Ord Minnett concludes the Australian Competition & Consumer Commission (ACCC) report on the Australian funeral industry doesn't provide recommendations for material changes to the sector.

The broker retains its Hold rating and \$12 target price.

This stock is not covered in-house by Ord Minnett. Instead, the broker whitelabels research by JP Morgan.

OSH - OIL SEARCH LIMITED **Overnight Price: \$3.84**

Ord Minnett rates OSH as Buy

While still subject to a vote by Oil Search shareholders, Ord Minnett estimates the merger would be 7% value accretive, though also -7-8% EPS-dilutive for Santos ((STO)).

The broker forecasts production would increase to 167m barrels of oil equivalent (mmboe) by 2027, with revenue divided broadly between

LNG, domestic gas, crude oil and (to a lesser extent) LPG.

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OTW - OVER THE WIRE HOLDINGS LIMITED
Overnight Price: \$5.69

Morgans rates OTW as Hold

After conducting due diligence, Aussie Broadband ((ABB)) has offered \$5.75 in cash or 1.15 Aussie Broadband shares for Over The Wire Holdings. This assumes a \$5 Aussie Broadband share price or a combination of cash and shares, highlights Morgans.

The broker notes Aussie Broadband shares closed yesterday at \$5.20, which implies slightly more upside for Over The Wire Holdings shareholders. Additionally, if shareholders elect the share consideration, it's thought they may participate in some synergy-related upside.

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