

Australian Brokers Call - 13 December 2022

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
APM	\$2.58	Outperform	\$4.00	Credit Suisse
BGL	\$1.13	Outperform	\$1.40	Macquarie
COH	\$206.58	Underweight	\$190.00	Morgan Stanley
CSL	\$298.20	Overweight	\$337.00	Morgan Stanley
HDN	\$1.32	Add	\$1.52	Morgans
MVF	\$0.95	Overweight	\$1.25	Morgan Stanley
PNI	\$8.47	Outperform	\$11.20	Macquarie
RIO	\$116.35	Neutral	\$115.00	Macquarie

APM APM HUMAN SERVICES INTERNATIONAL LIMITED Overnight Price: \$2.58

Credit Suisse rates APM as Outperform

Credit Suisse is anticipating APM Human Services International's earnings will be significantly second half weighted, off the back of a disrupted first half amid the ramp up of Workforce Australia.

The broker forecasts net profits of \$80m in the first half and \$105m in the second half, with the second half also benefiting not only from the Workforce Australia ramp up, but also a full six month contribution from the Equus acquisition and the DES reshuffle.

The Outperform rating is retained and the target price decreases to \$4.00 from \$4.30.

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BGL BELLEVUE GOLD LIMITED

Overnight Price: \$1.13

Macquarie rates BGL as Outperform

Bellevue Gold has completed a \$60m institutional placement and is raising a further \$10m via a share purchase plan, with funds partially intended to accelerate underground development ahead of first gold which Macquarie expects will de-risk the project.

An additional \$10m is allocated to fast tracking the Tribune mining front, while remaining funds will be used for exploration and drilling. The capital raising drives an increase in corporate cost estimates to \$12m per annum, from a previous \$8m, while earnings are adjusted -4% and 5% for FY24 and FY25 respectively. The Outperform rating is retained and the target price increases to \$1.40 from \$1.20.

COH COCHLEAR LIMITED

Overnight Price: \$206.58

Morgan Stanley rates COH as Underweight

According to Morgan Stanley, healthcare stocks appear expensive relative to the last time the Australian 10-year bond yield was at around 4%, in 2013.

The broker identifies stocks where the growth outlook is now better than in 2013 and, hence, price earnings multiples may have less downside. For Cochlear, the analysts see growth now better than in FY13 and a quality business. However, an Underweight rating is retained due to a high multiple and the risk of delayed surgeries. The \$190 target is unchanged. Industry View: In-line.

CSL CSL LIMITED

Overnight Price: \$298.20

Morgan Stanley rates CSL as Overweight

According to Morgan Stanley, healthcare stocks appear expensive relative to the last time the Australian 10-year bond yield was at around 4%, in 2013.

The broker identifies stocks where the growth outlook is now better than in 2013 and, hence, price earnings multiples may have less downside.

For CSL, the analysts see growth now better than in FY13, as well as potential EPS upside from a plasma recovery, Vifor upside and new product launches.

The target rises to \$337 from \$327. Overweight. Industry view: In-Line.

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HDN HOMECO DAILY NEEDS REIT

Overnight Price: \$1.32

Morgans rates HDN as Add

HomeCo Daily Needs REIT has reaffirmed FY23 guidance for funds from operations (FFO) of 8.6cpu and DPS of 8.3cpu.

Morgans lowers its target to \$1.52 from \$1.56 after incorporating into its forecasts the acquisition of a new asset in Perth for \$92.5m and the launch of the unlisted Last Mile Logistics fund. The REIT will commit -\$50m in seed funding. The broker also assumes some asset sales over FY23/24 after management flagged the potential to divest some Large Format Retail centres. Add.

MVF MONASH IVF GROUP LIMITED

Overnight Price: \$0.95

Morgan Stanley rates MVF as Overweight

According to Morgan Stanley, healthcare stocks appear expensive relative to the last time the Australian 10-year bond yield was at around 4%, in 2013.

The broker identifies stocks such as CSL, where the growth outlook is now better than in 2013 and, hence, price earnings multiples may have less downside. For Monash IVF, Morgan Stanley raises its FY23-25 EPS estimates by 12.7%, 14% and 13.6%, respectively, based on a read across from Medicare data and FY23 profit guidance provided at the November 11 AGM. The target rises to \$1.25 from \$1.15. Overweight. Industry view In-Line.

PNI PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED

Overnight Price: \$8.47

Macquarie rates PNI as Outperform

Pinnacle Investment Management has warned that its net share of first half performance fees could be less than \$1m, a decline from the \$6.4m in the previous year and a sizeable miss to Macquarie's expected \$4.6m.

According to the broker fees were impacted by a tougher exit point, and Macquarie has applied a discount to historical performance fee contributions through to FY25 as a result but with minimal impact on earnings forecasts.

The Outperform rating is retained and the target price decreases to \$11.20 from \$11.31.

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RIO RIO TINTO LIMITED **Overnight Price: \$116.35**

Macquarie rates RIO as Neutral

Rio Tinto has secured approval from Turquoise Hill Resources' minority shareholders in support of its CAD43.00 per share takeover bid. Macquarie highlights completion of the offer is expected before the end of 2022, subject to satisfaction of closing conditions.

Macquarie has incorporated Turquoise Hill's earnings into estimates, but with contributions from the Oyu Tolgoi asset already included impacts are minimal.

The Neutral rating and target price of \$115.00 are retained.

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