

Australian Brokers Call - 23 June 2023

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
CHL	\$2.01	Buy	\$2.64	Ord Minnett
CWY	\$2.59	Hold	\$2.49	Morgans
DEG	\$1.34	Buy	\$1.75	UBS
GOR	\$1.06	Buy	\$1.95	Bell Potter
HLO	\$2.57	Buy	\$3.40	Shaw and Partners
MTS	\$3.60	Buy	\$4.75	UBS
NST	\$12.62	Neutral	\$12.30	Citi
SSR	\$20.57	Buy	\$28.10	UBS

CHL CAMPLIFY HOLDINGS LIMITED **Overnight Price: \$ 2.01**

Ord Minnett rates CHL as Buy

Camplify Holdings has provided increased clarity around the scale of the RV insurance opportunity. Ord Minnett observes the market is watching with interest the company's progress as it develops insurance products for both those hiring and owners of RVs.

The broker emphasises the company's enviable position of having a significant footprint and understanding of the RV segment in Australasia and Europe, envisaging material upside risk to its numbers should the insurance initiative prove successful.

Buy rating maintained. Target rises to \$2.64 from \$2.60.

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CWY CLEANAWAY WASTE MANAGEMENT LIMITED

Overnight Price: \$ 2.59

Morgans rates CWY as Hold

Cleanaway Waste Management confirmed FY23 earnings guidance during its strategy day briefing, though Morgans materially downgrades forecasts on lower implied 2H net revenue from earnings (EBIT) margin guidance.

The broker also notes the potential value uplift from the proposed Energy-from-Waste projects has fallen. Management explained various issues are impacting on the projects in Melbourne and SE Queensland including increased capex estimates. Value is being created by progressing the projects, notes the analyst, and the company indicated selling down equity stakes is on the table.

DEG DE GREY MINING LIMITED

Overnight Price: \$ 1.34

UBS rates DEG as Buy

De Grey Mining has signed an exploration agreement with Novo Resources for the Egina project. The agreement provides the company with the right to 50% interest in the Novo tenements and project management, with a \$10m equity investment meaning it will hold 11.6% of Novo Resources.

UBS observes recent drilling at the Egina Becher deposit, just south of De Grey's Withnell, has sparked the interest and the deal is strategic as, while early days, it could sit in a "Hemi-like" setting. Buy rating and \$1.75 target maintained.

GOR GOLD ROAD RESOURCES LIMITED

Overnight Price: \$ 1.60

Bell Potter rates GOR as Buy

Gold Road Resources has lowered FY23 production guidance (on a 100% basis) for Gruyere to 320koz-350koz from 340koz-370koz, which compares to Bell Potter's prior forecast of 348koz.

A combination of factors resulted in the downgrade including a rain event and availability of blasting resources, explains the analyst. All-in sustaining cost (AISC) guidance will follow with the June 2023 quarterly report, and is now expected to be higher (due to lower production).

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HLO HELLOWORLD TRAVEL LIMITED **Overnight Price: \$ 2.57**

Shaw and Partners rates HLO as Buy

Helloworld Travel has acquired Express Travel Group for \$70m which will be earnings accretive beyond FY24. Express Travel operates an air ticket consolidation business, retail travel networks and cruise and package wholesaling in Australasia.

Shaw and Partners observes travel is one of the sub-sectors of retail that still has some traction in its recovery and suspects Helloworld will beat earnings guidance of \$38-42m in FY23.

The Buy rating and \$3.40 target are unchanged.

MTS METCASH LIMITED **Overnight Price: \$ 3.60**

UBS rates MTS as Buy

Metcash will report its FY23 results on June 26 and UBS forecasts underlying profit of \$312m, up 6.4%, with EBIT of \$508m, up 9.9%. The broker notes volume declines, given elevated food inflation, are expected to have materialised in the second half.

Market share losses are also occurring, although the broker is confident in-store investment by independents will see some share gains retained.

Meanwhile, hardware should benefit from housing strength, albeit weighed down by poor weather in late 2022. Buy rating maintained. Target is reduced to \$4.75 from \$5.00.

NST NORTHERN STAR RESOURCES LIMITED **Overnight Price: \$ 12.62**

Citi rates NST as Neutral

In Citi's view, shareholders of Northern Star Resources should view upcoming capex requirements for the KCGM mill expansion as a down-payment for unlocking the region.

Management has approved the \$1.5bn expansion which the analyst believes will deliver lower processing costs and improved reliability. The capex will come from existing liquidity and cashflows.

The Neutral rating is unchanged and the target rises to \$12.30 from \$12.10.

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SSR SSR MINING INC **Overnight Price: \$ 20.57**

UBS rates SSR as Buy

UBS previews fourth quarter and FY23 production results, looking ahead to FY24. The broker continues to be attracted to the Hod Maden resource and values SSR Mining's share at \$890m (40%).

UBS points out this high-grade and high-margin project contrasts with a Western Australian gold sector that is challenged by ageing ore bodies and struggling to generate free cash flow.

The broker retains a Buy rating and raises the target to \$28.10 from \$26.50.

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