

Australian Brokers Call - 26 June 2023

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
29M	\$0.83	Neutral	\$0.90	Macquarie
BHP	\$44.60	Outperform	\$49.00	Macquarie
COH	\$227.96	Underperform	\$198.00	Macquarie
EVN	\$3.30	Underperform	\$3.10	Macquarie
JRV	\$0.07	Neutral	\$0.08	Macquarie
MIN	\$71.96	Outperform	\$105.00	Macquarie
NCM	\$25.88	Neutral	\$27.00	Macquarie
NST	\$12.30	Outperform	\$15.00	Macquarie

29M 29METALS LIMITED **Overnight Price: \$ 0.83**

Macquarie rates 29M as Neutral

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term price forecasts have been downgraded, particularly for bulks and base metals, notably zinc.

Macquarie reduces the target price of 29Metals to \$0.90 from \$1.00, driven by short and medium-term zinc price reductions that are offset by increased copper and gold prices as well as a lower Australian dollar forecast. Neutral maintained.

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BHP BHP GROUP LIMITED

Overnight Price: \$ 44.60

Macquarie rates BHP as Outperform

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term price forecasts have been downgraded, particularly for bulks and base metals, notably zinc.

The broker downgrades near-term earnings by -10-20% for the large cap miners that are exposed to lower iron ore prices. Macquarie continues to prefer BHP Group in this segment, as it has a strong balance sheet and multiple organic growth opportunities. Outperform maintained. Target is reduced to \$49 from \$52.

COH COCHLEAR LIMITED

Overnight Price: \$ 227.96

Macquarie rates COH as Underperform

Macquarie has surveyed 11 US-based audiologists and, on average, they indicated that new cochlear implant patient numbers were 24% ahead of pre-pandemic levels. This implies a growth rate in 6%.

Cochlear received the highest rating in relation to its offering and was also considered the best for meeting key characteristics relevant to adult/paediatric patients. Yet the overall rating for Advanced Bionics continued to improve. While recognising the strength of the brand, the broker assesses growth is constrained by lack of awareness of implants. Valuation is also considered elevated and an Underperform rating and \$198 target are maintained.

EVN EVOLUTION MINING LIMITED

Overnight Price: \$ 3.30

Macquarie rates EVN as Underperform

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term gold price upgrades drive modest increases to targets for gold stocks as well as near-term earnings.

Evolution Mining estimates are also adjusted by a downgrade to the copper price outlook. Underperform maintained. Target is raised to \$3.10 from \$3.00.

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JRV JERVOIS GLOBAL LIMITED

Overnight Price: \$ 0.07

Macquarie rates JRV as Neutral

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term price forecasts have been downgraded, particularly for bulks and base metals, notably zinc.

Among base metal producers, Jervois Global has one of the largest reductions in its target, -11%, largely because of cobalt price reductions from 2028 onwards. Target is reduced to 8c from 9c and a Neutral rating is maintained.

MIN MINERAL RESOURCES LIMITED

Overnight Price: \$ 71.96

Macquarie rates MIN as Outperform

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term price forecasts have been downgraded, particularly for bulks and base metals, notably zinc.

Movements in spot iron ore and spodumene prices present the most material risk to earnings forecasts for Mineral Resources.

The target is lowered to \$105 from \$107. Outperform maintained.

NCM NEWCREST MINING LIMITED

Overnight Price: \$ 25.88

Macquarie rates NCM as Neutral

Macquarie updates earnings forecasts to incorporate its latest commodity price outlook. Short-term gold price upgrades drive modest increases to targets for gold stocks with the exception of Newcrest Mining.

Its target is reduced to \$27 from \$30 because a reduction in the broker's NAV multiple which aligns with valuation and the implied value of the Newmont offer. Neutral maintained.

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NST NORTHERN STAR RESOURCES LIMITED

Overnight Price: \$ 12.30

Macquarie rates NST as Outperform

Northern Star Resources has approved the expansion of the KCGM plant. This will take process capacity to 27mtpa from the current 13mtpa. The project is expected to take three years to complete followed by a two-year ramp up.

Cost is expected to be around \$1.5bn. Macquarie considers the expansion the key driver of growth for the company, in order to sustain production above the prior 2m ozpa target in FY26.

Moreover, further synergies could be realised at other deposits in the area given the strong cost improvement the expansion provides. Outperform rating and \$15 target maintained.

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