

# Australian Brokers Call - 27 June 2023

## Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
ALD	\$29.62	ALD	\$33.90	UBS
CHC	\$10.52	Buy	\$16.20	Ord Minnett
CKF	\$7.86	Neutral	\$8.10	UBS
CQR	\$3.59	Buy	\$4.30	Citi
CTD	\$17.92	Overweight	\$28.60	Morgan Stanley
DXC	\$2.49	Hold	\$3.18	Ord Minnett
GL1	\$1.51	Buy	\$3.50	Shaw and Partners
HMC	\$4.80	Neutral	\$4.90	UBS

### **ALD AMPOL LIMITED** **Overnight Price: \$ 29.62**

#### **UBS rates ALD as Buy**

UBS expects Ampol will report in July that the Lytton refining margin has again lagged key Asian indicators and the discount is likely to be exaggerated by the five-week outage at the refinery.

The company has guided to a -\$30-50m impact to EBIT, although the broker suspects the impact will exceed this as the outage also coincided with softer product pricing.

Partly offsetting weaker refining margins will be stronger retail fuel margins and the broker upgrades FY23 convenience retail EBITDA by 7%. Buy rating retained. Target is reduced to \$33.90 from \$36.10.

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### **CHC CHARTER HALL GROUP** **Overnight Price: \$ 10.52**

#### **Ord Minnett rates CHC as Buy**

Noting recent portfolio valuations, Ord Minnett believes the Charter Hall platform has been well managed over the last decade. The company has sought longer leases, strong tenants and premium locations. Where possible it has incorporated favourable terms into its leases.

While long leases could be viewed as a negative, as these are more sensitive to interest rates, the broker believes they have mitigated vacancy risk, given the tough conditions in office and retail over recent years.

### **CKF COLLINS FOODS LIMITED** **Overnight Price: \$ 7.86**

#### **UBS rates CKF as Neutral**

Upon initial assessment, it is UBS's observation Collins Foods FY23 revealed strong top line growth and a better-than-anticipated profit.

The final dividend of 15c compares with the broker's 9.9c forecast. The surprise performance has been achieved despite cost inflation continuing to impact on operations, points out the broker. Stronger growth in Europe has been key to today's positive outcome, the broker highlights.

### **CQR CHARTER HALL RETAIL REIT** **Overnight Price: \$ 3.59**

#### **Citi rates CQR as Buy**

Citi reviews earnings assumptions for Charter Hall Retail REIT and adjusts interest costs higher.

The business is considered relatively better positioned compared with supermarket peers in FY23 and FY24 as its long WALE portfolio has an ability to pass through higher underlying operating cost inflation.

Still, higher variable interest costs continue to put pressure on earnings across the sector. Citi retains a Buy rating and reduces the target to \$4.30 from \$4.50.

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### **CTD CORPORATE TRAVEL MANAGEMENT LIMITED** **Overnight Price: \$ 17.92**

#### **Morgan Stanley rates CTD as Overweight**

Recently, Morgan Stanley assigned a 70% probability Corporate Travel Management would retain its around \$800m Whole of Australian Government (WOAG) contract.

The company did win the contract for an initial term of four years, with a further three years of extension options. Now, the broker believes a greater level of certainty will help support its FY25 earnings (EBITDA) estimate, which is around 10% ahead of the consensus forecast.

### **DXC DEXUS CONVENIENCE RETAIL REIT** **Overnight Price: \$ 2.49**

#### **Ord Minnett rates DXC as Hold**

Dexus Convenience Retail REIT has made further progress with asset sales, divesting three for a combined \$15m. Ord Minnett commends management for taking a prudent approach to strengthening its balance sheet.

Although assessing the stock trades at a very attractive discount, the broker anticipates the current interest-rate cycle will detract from its performance and, as a result, maintains a Hold rating. Target is reduced to \$3.18 from \$3.23.

### **GL1 GLOBAL LITHIUM RESOURCES LIMITED** **Overnight Price: \$ 1.51**

#### **Shaw and Partners rates GL1 as Buy**

Global Lithium Resources will take a 10% stake in Kairos Minerals for a consideration of up to -\$4.6m.

Shaw and Partners observes that Kairos owns 240km (18 tenements) of contiguous exploration licences (Roe Hills Lithium Project) next to Global Lithium's Manna.

The \$4.6m will be used to explore Kairos's Roe Hills tenements.

Meanwhile, Global Lithium's sorting trials at Manna suggest a 90% increase in lithium headgrade, and the broker expects the lithium price to rise in the December half.

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### **HMC HMC CAPITAL LIMITED**

**Overnight Price: \$ 4.80**

#### **UBS rates HMC as Neutral**

HMC Capital has announced the successful first close of its \$800m Last Mile Logistics Fund 1, comprising \$400m in equity commitments and \$400m in debt.

This is the first time the company has raised wholesale capital, which UBS believes is a positive, particularly given the broader environment.

The business is also on track to receive first close for its \$1bn unlisted Healthcare & Life Sciences fund. Neutral rating maintained. Target is raised to \$4.90 from \$4.76.

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