

Australian Brokers Call - 10 July 2023

Summary Of Brokers Calls

Company	CMP	Call	Target AUD	By
AIS	\$0.41	Buy	\$0.91	Bell Potter
APE	\$14.26	Add	\$15.30	Morgans
ARB	\$28.26	Hold	\$29.05	Morgans
CGF	\$6.40	Add	\$7.79	Morgans
CPU	\$23.22	Add	\$25.10	Morgans
DMP	\$44.69	Sell	\$40.00	Citi
GDG	\$1.28	Add	\$1.42	Morgans
HUB	\$23.92	Buy	\$31.00	UBS

Some text

AIS AERIS RESOURCES LIMITED **Overnight Price: \$ 0.41**

Bell Potter rates AIS as Buy

Aeris Resources has provided a production report for FY23, with both Tritton and Cracow meeting guidance while Jaguar met on copper but missed on zinc. Mount Colin missed expectations because of a toll treatment deferral.

FY23 EBITDA and cost guidance have been withdrawn as a result of the production misses. Bell Potter still expects EBITDA of \$49m and considers the production update positive, largely because of the lift in copper production at Tritton. Buy rating and 91c target maintained.

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APE EAGERS AUTOMOTIVE LIMITED

Overnight Price: \$ 14.26

Morgans rates APE as Add

New car deliveries for June were up 25% on the previous corresponding period though -2% below the five-year pre-covid average, notes Morgans.

The broker highlights a high variance across original equipment manufacturer (OEM) deliveries continues. It's thought deliveries have moderately exceeded new orders in May/June for dealers, who have experienced a slight reduction in order books. Softer demand conditions are expected, yet the analysts note an element of protection for near-term earnings from order books compared to other discretionary retail segments.

ARB ARB CORPORATION LIMITED

Overnight Price: \$ 28.26

Morgans rates ARB as Hold

New car deliveries for June were up 25% on the previous corresponding period though -2% below the five-year pre-covid average, notes Morgans.

The broker highlights a high variance across original equipment manufacturer (OEM) deliveries continues. It's thought deliveries have moderately exceeded new orders in May/June for dealers, who have experienced a slight reduction in order books. For the parts and accessories space, Morgans holds a relatively cautious view on the softer consumer outlook for ARB Corp, compared to FY24 consensus forecasts.

CGF CHALLENGER LIMITED

Overnight Price: \$ 6.40

Morgans rates CGF as Add

For Insurance/Diversified Financial stocks under research coverage, Morgans broadly reviews its earnings forecasts and marks-to-market for equity, bond yield and exchange rate movements.

The broker sees only limited potential for earnings surprises for these stocks during the upcoming August reporting season given recent updates revealed at the likes of conference attendances.

No changes are made to forecasts for Challenger though the target rises to \$7.79 from \$7.70 on a valuation roll forward for the broker's financial model.

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CPU COMPUTERSHARE LIMITED

Overnight Price: \$ 23.22

Morgans rates CPU as Add

For Insurance/Diversified Financial stocks under research coverage, Morgans broadly reviews its earnings forecasts and marks-to-market for equity, bond yield and exchange rate movements.

The broker sees only limited potential for earnings surprises for these stocks during the upcoming August reporting season given recent updates revealed at the likes of conference attendances. While the analyst makes only a minor FY23 forecast change for Computershare, FY24 and FY25 forecasts are cut by around -10% on more conservative assumptions for the core businesses. The target falls to \$25.10 from \$25.86. Add.

DMP DOMINO'S PIZZA ENTERPRISES LIMITED

Overnight Price: \$ 44.69

Citi rates DMP as Sell

Citi considers the customer value proposition of Domino's Pizza Enterprises remains suboptimal while there is increased uncertainty about achieving the 2033 roll-out target of 7100 stores.

Moreover, gearing levels may limit the ability to respond to current challenges and the broker assesses the PE multiple of 25x FY24 does not appropriately cover the risks. Sell rating reiterated. The \$40 target is maintained.

GDG GENERATION DEVELOPMENT GROUP LIMITED

Overnight Price: \$ 1.28

Morgans rates GDG as Add

For Insurance/Diversified Financial stocks under research coverage, Morgans broadly reviews its earnings forecasts and marks-to-market for equity, bond yield and exchange rate movements.

The broker sees only limited potential for earnings surprises for these stocks during the upcoming August reporting season given recent updates revealed at the likes of conference attendances.

No changes are made to either the broker's forecasts or \$1.42 target price for Generation Development. Add.

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HUB HUB24 LIMITED **Overnight Price: \$ 23.92**

UBS rates HUB as Buy

UBS refreshes forecasts to reflect the market impacts of higher bond yields, although gains in equities have more than offset bond losses in the June half year.

The broker has a positive view on the insurance sector with a preference for private health insurers ahead of brokers and general insurers.

UBS retains a Buy rating for Hub24 and lowers the target to \$31.00 from \$32.00.

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