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Synlait Milk Ltd (SM1)

Rabbit don't come easy

Recommendation
Buy (unchanged)

Price
A\$2.67
Target (12 months)
A\$3.20 (previously A\$4.00)

GICS Sector
Food Beverage and Tobacco
Expected Return

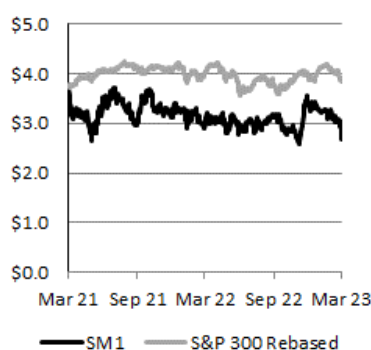
| | |
|-----------------------|--------------|
| Capital growth | 19.9% |
| Dividend yield | 0.0% |
| Total expected return | 19.9% |

Company Data & Ratios

| | |
|------------------------|---------------------|
| Enterprise value | A\$1,090m |
| Market cap | A\$584m |
| Issued capital | 218.6m |
| Free float | 37% |
| Avg. daily val. (52wk) | A\$74,610 |
| 12 month price range | A\$2.56-3.60 |

Price Performance

| | (1m) | (3m) | (12m) |
|----------------|--------|--------|-------|
| Price (A\$) | 3.21 | 3.45 | 2.97 |
| Absolute (%) | -16.20 | -22.03 | -9.43 |
| Rel market (%) | -10.09 | -19.01 | -6.38 |

Absolute Price


SOURCE: IRESS

Six more weeks of winter

SM1 have downwardly revised FY23e NPAT expectations relative to market expectations ahead of its 1H23e result. Key points below:

NPAT guidance statements: FY23e NPAT is forecast at NZ\$15-25m, which is lower than our previous NZ\$35.8m forecast (and consensus of ~NZ\$50m). Major drivers of the changes to expectations have been listed as order deferrals from major IMF customers, inflationary cost pressures, lower milk production levels and higher working capital funding costs. SM1 has also stated that the two year recovery plan is likely to now take three years, implying a lower FY23e exit rate than previously suggested (previous guidance was for a FY23e exit run rate more consistent with profitability levels pre-FY21), reflecting elevated costs and reduced customer demand.

Nutritionals: Our previous forecasts had implied limited demand growth from A2M in FY23e (we note A2M FY23e revenue guidance was unchanged in Feb'22), with low-mid single digit volume growth in FY24-25e assuming SAMR registration and a resumption of growth in China distribution points. These estimates remain broadly unchanged. However, we have moderated assumed volume ramp-up profiles for both the new Pokeno and new base powder customers.

Following the update we have downgraded our EBITDA forecasts by -11% in FY23e, -12% in FY24e and -11% in FY25e. This along with a higher funding cost to carry working capital, results in NPAT downgrades of -43% in FY23e, -33% in FY24e and -22% in FY25e. Our target price is downgraded to A\$3.20ps (prev. A\$4.00ps) following these changes.

Investment view: Buy rating unchanged

SM1 has now been imbedded in a three year earnings downgrade cycle and is not without risk. However, if it can deliver acceptable returns on the new Pokeno nutritionals customer, successfully navigate A2M's new-GB registration and add new base powder customers then there is material operating leverage beyond FY23e profitability levels and this is what drives the expected earnings uplift in FY24-25e.

Earnings Forecast

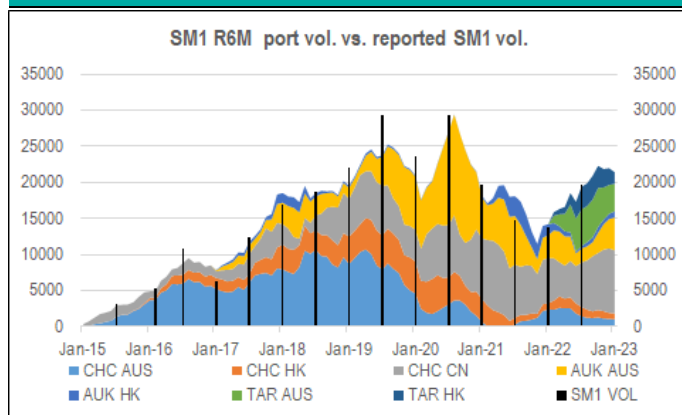
| Year end July | 2022 | 2023e | 2024e | 2025e |
|-------------------------|--------|--------|--------|--------|
| Sales (NZ\$m) | 1551.0 | 1523.3 | 1700.9 | 1782.5 |
| EBITDA (NZ\$m) | 116.8 | 124.2 | 153.1 | 167.5 |
| NPAT (reported) (NZ\$m) | 38.5 | 20.5 | 43.6 | 59.8 |
| NPAT (adjusted) (NZ\$m) | 38.5 | 20.5 | 43.6 | 59.8 |
| EPS (adjusted) (NZ\$ps) | 17.5 | 9.3 | 19.9 | 27.2 |
| EPS growth (%) | n.a. | -46.8 | 113.0 | 37.0 |
| PER (x) | 16.4 | 30.8 | 14.4 | 10.5 |
| FCF Yield (%) | 18.9 | 6.0 | 15.3 | 17.4 |
| EV/EBITDA (x) | 10.0 | 9.4 | 7.7 | 7.0 |
| Dividend (NZ\$ps) | 0.0 | 0.0 | 0.0 | 0.0 |
| Franking (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| Yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |
| ROE (%) | 5.1 | 2.7 | 5.4 | 6.9 |

SOURCE: BELL POTTER SECURITIES ESTIMATES

SM1 drivers in charts

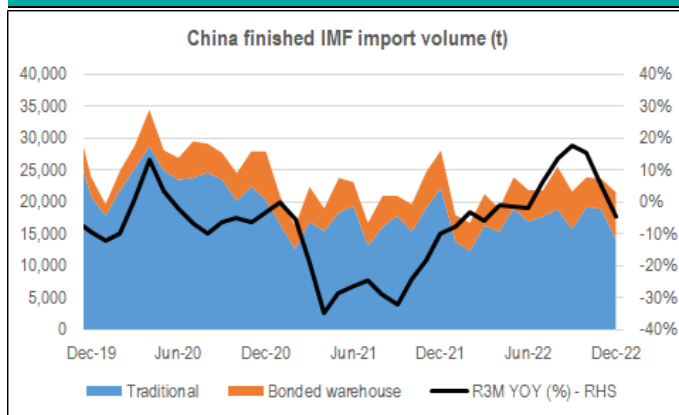
R6M IMF export trends remain at elevated levels from SM1 ports. We would expect shipment volumes to weaken materially in 2H23e as China volumes are removed.

Figure 1 – R6M IMF shipments by SM1 port and destination (t)



SOURCE: STATSNZ

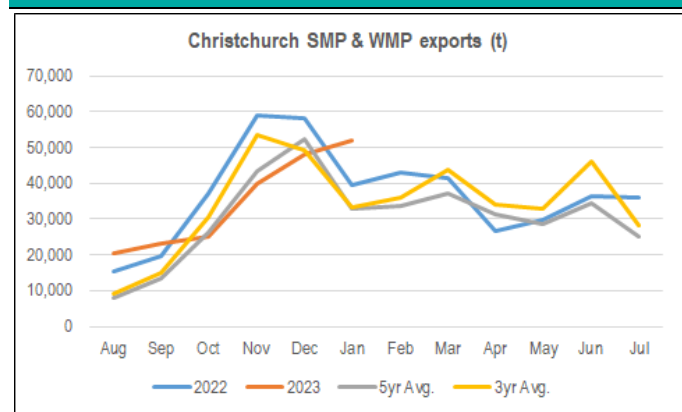
Figure 2 – China IMF monthly IMF imports (t)



SOURCE: CIQ

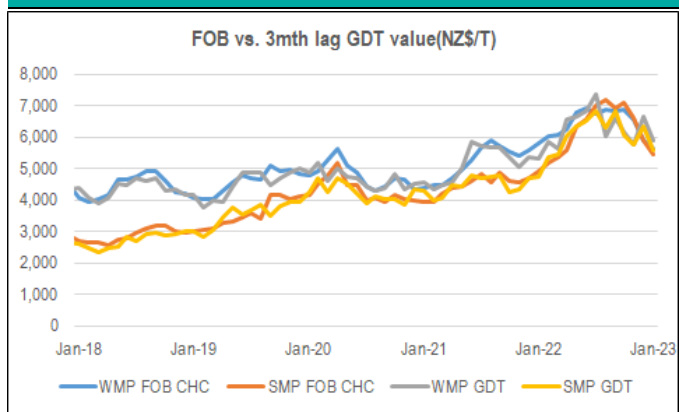
Ingredient volumes ex-CHC have demonstrated a recovery from the levels seen in 1Q23 that are likely to impact 1H23 ingredient earnings. Average realised SMP & WMP values ex-CHC are no longer demonstrating premium outcomes relative to lagged GDT values.

Figure 3 – SMP & WMP exports ex-CHC (T)



SOURCE: STATSNZ

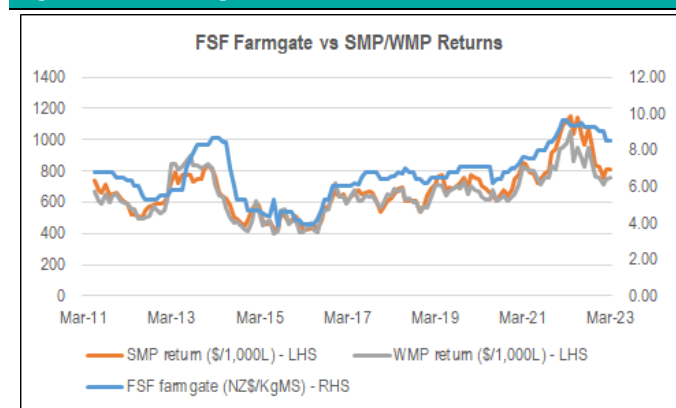
Figure 4 – FOB prices vs. lagged GDT outcomes (NZ\$/t)



SOURCE: STATSNZ AND GDT

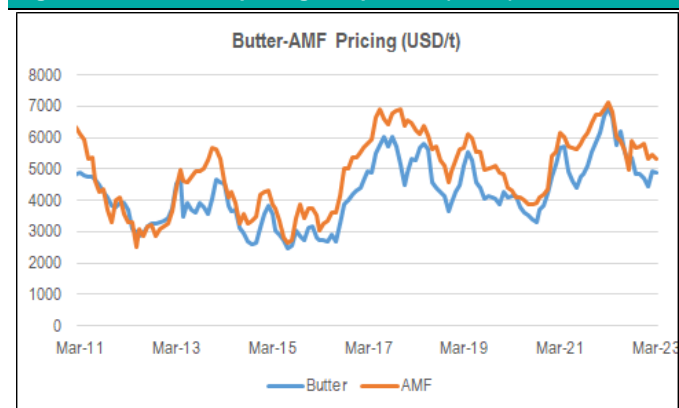
SMP & WMP returns continue to correct downwards. AMF pricing has been exceeding Butter pricing (a dynamic that benefits SM1), though weakened from 1Q23 levels.

Figure 5 - FSF Farmgate vs. SMP/WMP



SOURCE: GDT, NZX AND FSF

Figure 6 - AMF-Butter pricing comparison (USD/t)



SOURCE: GDT AND NZX

SM1 Overview

COMPANY DESCRIPTION

Synlait Milk (SM1) is NZ's fourth largest milk processor (accounting for ~4% of NZ's milk intake) and a B2B supplier of dairy ingredients (SMP, WMP & AMF), infant formula (IMF) products and Lactoferrin. SM1 counts global FMCG companies among its client base, including the a2Milk Co (A2M) for which SM1 is the exclusive supplier of infant formula in China, Australia and NZ.

TARGET PRICE

In deriving our A\$3.20ps target price we have utilised an ROIC based model, which looks to capitalise returns on the existing asset base twelve months forward while incorporating a value for assets currently under development. Major assumptions in this model are: (1) a WACC hurdle of 9.7%; (2) spot AUDNZD for conversion to an AUD target price; and (3) underlying ROIC of 6.2% in FY23e lifting to 9.0% in FY24e.

RISKS

SM1 is a high growth FMCG business with exposures to an agricultural supply chain. Risks associated in an investment in SM1 include but are not isolated to:

COVID-19: The substantial impact of COVID-19 on the global and domestic economies is creating enormous volatility and uncertainty in global share markets. The forecasts in the report may be subjected to significant changes if this situation continues for an extended period of time.

NZD Commodity prices: A large portion of SM1's volumes and revenues are exposed to global export markets for dairy ingredient and infant nutrition products. As a consequence SM1 is exposed to both movements in the NZD and global dairy commodity prices. Sharp movements up or down in these commodity prices can have a material impact on profitability, particularly in movements of non-reference products that don't flow through to the Fonterra FMP mechanism;

Milk supply risk: SM1 is exposed to supply risk in the form of: (1) competition for milk among NZ processors and its ability to pay an above market FMP to secure new farmer suppliers; (2) on farm profitability risk and the ability of farmers to produce milk to the volume requirements of SM1; and (3) seasonal weather factors that may reduce the level of milk produced in the catchment area;

Change in long-term relationships: as a B2B processor SM1 manufactures and distributes both bulk and canned IMF products for a number of leading branded dairy businesses, with A2M the most important for existing and projected growth. Any change in the operating results of key offtake partners can have a material impact on the profitability and growth prospects of SM1. In addition any change to contractual supply arrangements including product mix could impact SM1's returns profile;

A2M risk scientific risk: As the largest single customer for SM1 and a key growth driver for the business, SM1 is inherently bound by company specific risks that face A2M including but not isolated to: (1) **Scientific risk:** The A2M brand proposition is built primarily on the potential digestive well-being benefits of A1 Protein Free milk products. Any information that diminishes or rejects the scientific arguments for consumers' experiences may impact the performance of A2M and SM1; and (2) **Intellectual Property:** A2M's business relies in part on its intellectual property portfolio, including brands and trademarks, patents, proprietary processes and know-how. Any loss of these protection may impact the performance of A2M and SM1;

Execution risk: SM1 is in the midst of a material capital expenditure program aimed at lifting revenues and earnings of SM1. A lack of success in both installing and then utilising these facilities may have a material impact on the business and prospects for SM1;

Brand risk: While SM1 does not directly own brands, its counterparties do. In common with many other food companies, there is a risk that raw materials may deteriorate or that products may become contaminated, tampered with, adulterated or otherwise unsafe or unfit for sale or consumption within the supply chain due to various factors, including human error and equipment failure. Potential adverse consequences for SM1 include regulatory penalties, termination of distribution arrangements, liability associated with adverse health effects on consumers, product recall and disposal costs, loss of stock, delay in supply and financial costs;

Regulatory risk: SM1 and its offtake partners require certain licences, approvals and consents in order to conduct their businesses. There is a risk that any such licences, approvals or consents that are material to SM1 in operating its business will not be issued, renewed or will be issued or renewed on more restrictive or onerous terms, or in limited circumstances, revoked. Particular reference should be made to SAMR re-registration applications for a2 Platinum in China. Should re-registration not be achieved then SM1 would likely fail to achieve our forecasts.

Key personnel risk: SM1's performance is dependent on the ability of its senior executives and key personnel to manage and grow its business. Continuity and retention of senior executives and key personnel are important for the ongoing implementation of SM1's strategy; and

Industry risk: There are a number of industry factors outside the control of the company, including regulatory, compliance and variations in legislation and government policies.

Synlait Milk Ltd

as at 17 March 2023

Recommendation
Price
Target (12 months)

Buy
A\$2.67
A\$3.20

Table 1 - Financial summary

| July year end | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|----------------------------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|-------------|
| Profit & Loss (NZ\$m) | | | | | | | | |
| Sales revenue | 879.0 | 1024.3 | 1302.0 | 1367.3 | 1551.0 | 1523.3 | 1700.9 | 1782.5 |
| ... Change | 16% | 17% | 27% | 5% | 13% | -2% | 12% | 5% |
| EBITDA | 138.6 | 152.1 | 171.4 | 37.3 | 116.8 | 124.2 | 153.1 | 167.5 |
| Deprec. & amort | (25.6) | (27.6) | (48.1) | (55.0) | (54.2) | (62.4) | (64.6) | (63.8) |
| EBIT | 113.1 | 124.5 | 123.3 | (17.7) | 62.6 | 61.8 | 88.5 | 103.7 |
| Interest expense | (9.3) | (9.4) | (21.4) | (21.5) | (21.0) | (32.6) | (27.1) | (19.9) |
| Pre-tax profit | 103.8 | 115.1 | 101.9 | (39.2) | 41.6 | 29.2 | 61.4 | 83.8 |
| Tax expense | (29.3) | (32.8) | (26.7) | 10.7 | (3.1) | (8.7) | (17.8) | (24.0) |
| ... tax rate | 28% | 29% | 26% | 27% | 7% | 30% | 29% | 29% |
| Minorities | - | - | - | - | - | - | - | - |
| Net Profit | 74.6 | 82.2 | 75.2 | (28.5) | 38.5 | 20.5 | 43.6 | 59.8 |
| Abs. & extras. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reported Profit | 74.6 | 82.2 | 75.2 | (28.5) | 38.5 | 20.5 | 43.6 | 59.8 |

| | | | | | | | | |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assumptions | | | | | | | | |
| Nutritionals | 42,177 | 51,231 | 52,871 | 34,362 | 33,506 | 35,872 | 47,574 | 53,870 |
| Ingredients | 86,424 | 98,499 | 97,561 | 125,914 | 132,481 | 120,000 | 125,000 | 130,000 |
| Liquids | | 8,947 | 32,803 | 31,499 | 31,972 | 39,472 | 46,972 | 47,097 |
| Consumer Foods | | | 12,015 | 26,983 | 26,983 | 28,332 | 29,749 | 31,236 |
| Total sales volumes | 128,601 | 158,677 | 195,250 | 218,758 | 224,942 | 223,676 | 249,294 | 262,203 |
| Gross margin per ton (\$) | 1283 | 1168 | 1031 | 309 | 662 | 663 | 711 | 741 |
| Gross margin per KgMS (\$) | 2.71 | 2.80 | 2.86 | 0.82 | 1.89 | 2.07 | 2.30 | 2.38 |
| EBITDA per ton (\$) | 1078 | 959 | 878 | 171 | 519 | 555 | 614 | 639 |

| | | | | | | | | |
|---------------------------------|---------------|----------------|----------------|----------------|--------------|-------------|--------------|--------------|
| Cashflow (NZ\$m) | | | | | | | | |
| EBITDA | 138.6 | 152.1 | 171.4 | 37.3 | 116.8 | 124.2 | 153.1 | 167.5 |
| Tax Paid | (13.9) | (26.7) | (26.6) | (8.0) | 3.0 | (5.9) | (13.2) | (20.9) |
| Net Interest Expense | (11.2) | (16.8) | (22.9) | (23.7) | (25.9) | (26.8) | (29.8) | (23.5) |
| Change in Wkg Capital | (20.7) | 20.0 | (34.5) | (21.6) | 114.3 | (11.3) | 4.1 | 3.7 |
| Other | (5.6) | (8.8) | (8.9) | 4.3 | (5.4) | 0.0 | 0.0 | 0.0 |
| Operating Cash Flow | 87.2 | 119.9 | 78.4 | (11.7) | 203.0 | 80.3 | 114.1 | 126.8 |
| Capex | (120.3) | (320.4) | (139.2) | (116.2) | (92.9) | (46.0) | (25.0) | (25.0) |
| Div Paid | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Free Cash Flow | (33.1) | (200.6) | (60.8) | (127.9) | 110.1 | 35.3 | 89.1 | 101.8 |
| Acquisitions | (0.2) | (18.1) | (86.2) | (24.2) | 0.0 | 0.0 | 0.0 | 0.0 |
| Disposals | 0.0 | 0.0 | 0.4 | 3.6 | 30.5 | 0.0 | 0.0 | 0.0 |
| Share Issues | 0.0 | 0.0 | 0.0 | 196.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 1.3 | (0.1) | (44.1) | (0.5) | (3.8) | 0.0 | 0.0 | 0.0 |
| (Inc.) /dec. in net debt | (32.0) | (218.8) | (190.7) | 47.0 | 136.7 | 35.3 | 89.1 | 101.8 |

| | | | | | | | | |
|--------------------------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Balance Sheet (NZ\$m) | | | | | | | | |
| Cash & near cash | 32.1 | 16.1 | 5.9 | 16.2 | 14.5 | 15.9 | 54.0 | 57.7 |
| Inventories | 145.4 | 174.4 | 269.4 | 270.9 | 232.9 | 259.0 | 289.1 | 303.0 |
| Receivables | 47.1 | 61.9 | 63.1 | 108.4 | 91.1 | 73.1 | 76.1 | 75.7 |
| Other | 15.2 | 30.2 | 48.1 | 57.5 | 32.1 | 31.9 | 32.7 | 33.0 |
| Current assets | 239.8 | 282.6 | 386.4 | 453.0 | 370.6 | 380.0 | 452.0 | 469.4 |
| Fixed assets | 537.7 | 845.2 | 965.1 | 1,027.1 | 1,015.9 | 1,007.5 | 976.0 | 944.6 |
| Intangibles | 7.3 | 20.1 | 108.0 | 123.8 | 161.7 | 152.7 | 144.5 | 137.1 |
| Other | 8.9 | 0.2 | 32.7 | 14.2 | 27.9 | 27.8 | 28.1 | 28.2 |
| Non current assets | 553.8 | 865.4 | 1,105.9 | 1,165.2 | 1,205.4 | 1,187.9 | 1,148.6 | 1,110.0 |
| Total assets | 793.7 | 1,148.0 | 1,492.3 | 1,618.2 | 1,576.0 | 1,567.9 | 1,600.6 | 1,579.4 |
| Creditors | 152.2 | 216.0 | 238.8 | 264.1 | 323.1 | 319.9 | 357.2 | 374.3 |
| Borrowings | 49.3 | 99.6 | 102.8 | 33.3 | 58.9 | 39.8 | 29.7 | 15.1 |
| Other | 35.2 | 57.2 | 43.1 | 14.0 | 60.2 | 68.7 | 71.5 | 71.5 |
| Current liabilities | 236.7 | 372.8 | 384.7 | 311.4 | 442.3 | 428.4 | 458.4 | 460.9 |
| Borrowings | 97.1 | 249.5 | 426.8 | 459.6 | 295.6 | 280.8 | 240.0 | 156.4 |
| Other | 35.2 | 33.3 | 74.3 | 80.0 | 89.7 | 89.7 | 89.7 | 89.7 |
| Non current liabilities | 132.2 | 282.8 | 501.0 | 539.6 | 385.3 | 370.6 | 329.7 | 246.2 |
| Total liabilities | 368.9 | 655.6 | 885.8 | 851.0 | 827.6 | 799.0 | 788.1 | 707.1 |
| Net assets | 424.7 | 492.4 | 606.5 | 767.1 | 748.4 | 768.9 | 812.5 | 872.3 |
| Share capital | 268.1 | 268.1 | 268.5 | 464.8 | 464.8 | 464.8 | 464.8 | 464.8 |
| Reserves | (9.9) | (24.5) | 14.0 | 8.8 | (48.5) | (48.5) | (48.5) | (48.5) |
| Retained earnings | 166.5 | 248.8 | 324.0 | 293.6 | 332.1 | 352.6 | 396.2 | 456.0 |
| Outside equity interests | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Sholders' funds | 424.7 | 492.4 | 606.5 | 767.1 | 748.4 | 768.9 | 812.5 | 872.3 |
| Net Debt (Cash) | 114.3 | 333.0 | 523.7 | 476.7 | 340.0 | 304.7 | 215.6 | 113.9 |

| | |
|--------------------------------|---------------|
| Price (A\$ps) | 2.67 |
| Target Price (A\$ps) | 3.20 |
| Recommendation | Buy |
| Shares on issue (m) | 218.6 |
| Market cap (A\$m) | 583.6 |
| Net debt (A\$m) | 316.3 |
| Assigned receivables (A\$m) | 163.3 |
| Lease liabilities (A\$m) | 27.0 |
| Enterprise value (A\$m) | 1090.3 |
| Free float (%) | 37% |
| Converted at AUDNZD: | 1.08 |

| July year end | 2018 | 2019 | 2020 | 2021 | 2022 | 2023e | 2024e | 2025e |
|-------------------------|-------|-------|-------|---------|-------|--------|--------|-------|
| Valuation Ratios | | | | | | | | |
| EPS (p/s) | 41.37 | 45.63 | 41.72 | (13.78) | 17.54 | 9.33 | 19.88 | 27.22 |
| Change (%) | | 10.3% | -8.6% | n.a. | n.a. | -46.8% | 113.0% | 37.0% |
| PE (x) | 6.94 | 6.29 | 6.88 | (20.83) | 16.36 | 30.75 | 14.44 | 10.54 |
| EV/EBITDA (x) | 8.45 | 7.70 | 6.84 | 31.42 | 10.03 | 9.44 | 7.66 | 7.00 |
| EV/EBIT (x) | 10.36 | 9.41 | 9.51 | n.a. | 18.72 | 18.96 | 13.24 | 11.31 |
| NTA (\$ps) | 2.34 | 2.64 | 3.13 | 3.22 | 2.96 | 3.10 | 3.33 | 3.64 |
| P/NTA (x) | 1.23 | 1.09 | 0.92 | 0.89 | 0.97 | 0.93 | 0.86 | 0.79 |
| Book Value (\$ps) | 2.37 | 2.75 | 3.38 | 3.51 | 3.42 | 3.52 | 3.72 | 3.99 |
| Price/Book (x) | 1.21 | 1.04 | 0.85 | 0.82 | 0.84 | 0.82 | 0.77 | 0.72 |
| DPS (\$) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Payout (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Yield (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

| | | | | | | | | |
|---------------------------|-------|-------|-------|--------|------|------|------|-------|
| Performance Ratios | | | | | | | | |
| EBITDA/sales (%) | 15.8% | 14.9% | 13.2% | 2.7% | 7.5% | 8.2% | 9.0% | 9.4% |
| EBITA/sales (%) | 12.9% | 12.2% | 9.5% | -1.3% | 4.0% | 4.1% | 5.2% | 5.8% |
| OCF Realisation (%) | 87% | 109% | 64% | -44% | 219% | 97% | 105% | 103% |
| FCF Realisation (%) | -44% | -244% | -81% | 449% | 286% | 172% | 204% | 170% |
| ROE (%) | 17.6% | 16.7% | 12.4% | -3.7% | 5.1% | 2.7% | 5.4% | 6.9% |
| ROIC (%) | 22.3% | 18.3% | 12.6% | -1.5% | 5.4% | 5.7% | 8.4% | 10.3% |
| Asset Turn (years) | 5.42 | 5.50 | 3.56 | 0.68 | 2.15 | 1.99 | 2.37 | 2.62 |
| Capex/Depn (x) | 4.71 | 11.59 | 2.89 | 2.11 | 1.71 | 0.72 | 0.39 | 0.39 |
| Interest cover (x) | 12.19 | 13.20 | 5.76 | (0.82) | 2.98 | 1.90 | 3.26 | 5.22 |
| Net Debt/EBITDA (x) | 0.82 | 2.19 | 3.06 | 12.78 | 2.91 | 2.45 | 1.41 | 0.68 |
| Net Debt/Equity (%) | 27% | 68% | 86% | 62% | 45% | 40% | 27% | 13% |

| | | | | | | | | |
|----------------------------|-------------|-------------|-------------|-------------|------------|---------------|-------------|------------|
| Semi-annual (NZ\$m) | | | | | | | | |
| Sales revenue | 471.0 | 553.4 | 559.3 | 742.7 | 664.2 | 703.1 | 790.6 | 760.4 |
| ... Change pcp | 7.2% | 23.4% | 18.8% | 34.2% | 18.8% | -5.3% | 19.0% | 8.1% |
| EBITDA | 70.1 | 82.0 | 67.6 | 103.8 | 47.7 | (10.4) | 68.4 | 48.4 |
| Deprec. & amort | (13.7) | (14.0) | (21.2) | (26.9) | (28.1) | (26.9) | (27.0) | (27.2) |
| EBIT | 56.5 | 68.1 | 46.4 | 76.9 | 19.6 | (37.3) | 41.4 | 21.2 |
| Interest expense | (4.1) | (5.3) | (9.5) | (11.9) | (11.1) | (10.4) | (10.3) | (10.7) |
| Pre-tax profit | 52.3 | 62.7 | 36.9 | 65.0 | 8.5 | (47.7) | 31.1 | 10.5 |
| Tax expense | (15.0) | (17.8) | (10.7) | (16.0) | (2.1) | 12.8 | (3.2) | (3.2) |
| ... tax rate | 28.7% | 28.4% | 29.0% | 24.6% | 24.6% | 26.8% | 10.2% | 29.9% |
| Minorities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net Profit | 37.3 | 44.9 | 26.2 | 49.0 | 6.4 | (34.9) | 27.9 | 7.4 |
| Abs. & extras. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Reported Profit | 37.3 | 44.9 | 26.2 | 49.0 | 6.4 | (34.9) | 27.9 | 7.4 |

SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between -5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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