

HMC Capital Equity Research Report

By Flynn Hubbard, Jay Gills, Kirrtanya Tandon and Joshua Gray



Company Overview

BUY

HMC Capital Limited (ASX: HMC) is a leading Australian alternative asset manager, specializing in high-conviction real asset strategies. Since rebranding from Home Consortium in 2021, it has rapidly expanded its funds under management to over \$18.5Bn, focusing on real estate, private equity, private credit, energy transition, and digital infrastructure.

Stock Code: ASX:HMC
 Price (as of 10/4/25): A\$4.68
 Price Target: A\$9.00
 Upside: 92.31%
 Dividend yield: 2.56%
 GICS Sector: Financials

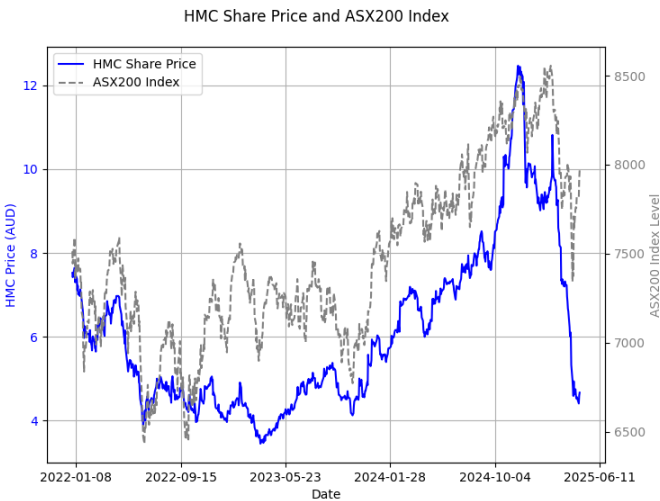
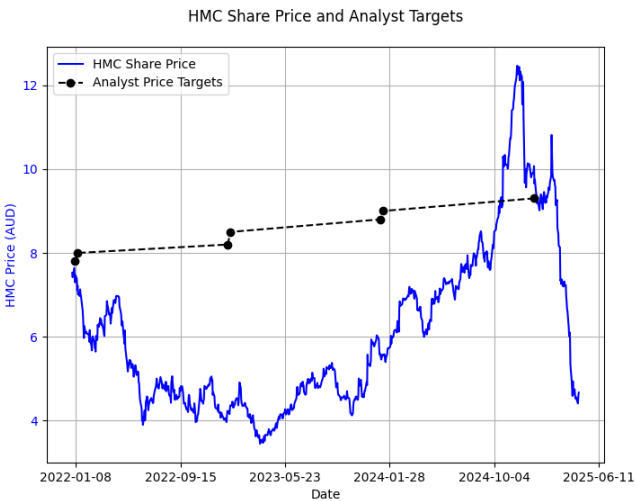
Industry Overview

The alternative asset management industry has grown rapidly in recent years, driven by rising demand for diversification, higher returns, and protection against market swings. This sector, which includes real estate, private equity, infrastructure, and energy transition, is popular for its stable returns and long-term growth. Institutional investors, like pension funds and sovereign wealth funds, are increasingly shifting capital towards alternatives as traditional assets offer lower yields. ESG investing is also reshaping the industry, with firms incorporating sustainability into their strategies. Despite challenges like market volatility and competition, the industry offers strong growth opportunities, especially for firms focusing on emerging areas like digital infrastructure and renewable energy.

DCF Output

AUD\$m	2025E	2026E	2027E	2028E	2029E
EBITDA	433	344	390	394	473
Less: Depreciation and Amortisation	109	111	121	52	51
EBIT	323	233	269	341	422
Less: Tax on EBIT	-97	-70	-81	-102	-127
NOPAT	226	163	188	239	295
Add: Depreciation and Amortisation	109	111	121	52	51
Less: Capital Expenditure	0	0	0	0	0
Less: Change in Working Capital	-230	-128	-140	-94	-135
Unlevered Free Cash Flow	105	145	170	197	211
Date For Discounting Cash Flows	45,838	46,203	46,568	46,934	47,299
Years Away From Present	0	1	2	3	4
Discounted Free Cash Flow	104	133	145	156	156
Present Value of Free Cash Flows					694
Present Value of Terminal Value					3,157
Enterprise Value					3,850
Net Debt					135
Equity Value					3,715
Shares Outstanding					413m
Share Price					\$9.00

Stock Price Performance



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Financial Ratios

Metric	Value
P/E Ratio	6.23
Forward P/E Ratio	13.31
Price to Book	1.20
Dividend Yield (%)	2.44
Market Capitalisation	2034196864.00
Beta	1.04
Revenue Growth	2.59
ROE	0.21
Debt to Equity	12.18
Current Ratio	4.58
Quick Ratio	4.46

Recomendations

HMC Capital Ltd presents a compelling investment opportunity within the Australian alternative asset management sector, thanks to its strong fundamentals and strategic initiatives that position it for impressive long-term growth. Despite the recent market volatility impacting its share price, the company continues to demonstrate resilience and solid performance. In the first half of FY25, HMC reported a record pre-tax operating earnings of \$202.2 million, a staggering 240% increase from the previous year. Assets under management surged to \$18.5 billion, reflecting a remarkable 45% rise since June 2024. This signifies the success of HMC's expansion strategies and growing investor confidence.

However, the business does face notable risks. These include the inherent volatility of the market, increased competition within the asset management space, and execution risks as it expands its fund offerings. Additionally, regulatory changes, particularly those related to ESG investing, could affect its strategies and future growth potential. Another risk is the possibility of failing to meet return expectations for new funds, which could harm the company's reputation and investor trust. Despite this, Goldman Sachs initiated coverage with a 'Buy' rating and a price target of \$8.94, noting that HMC's scalable real asset strategies and strong structural growth drivers make it an attractive investment. Overall, despite the risks, this stock has strong growth prospects, making it a buy recommendation for long-term investors.