

HD Mirvac to Outperform Aussie REIT Peers, Says UBS -- Market Talk
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2335 GMT [Dow Jones] UBS expects positive earnings per share momentum to begin for Mirvac **Group** (MGR.AU) in FY15-FY17, after disappointing FY15 earnings guidance led to rebasing of consensus. The broker notes there are significant volumes of apartments to settle in FY17 and expects 2015-16 to be supported by improving **residential** margins given recent price growth. UBS forecasts three year EPS growth of 6.2% for FY16-FY18. Says Mirvac has underperformed the REIT sector on a rolling week, month, quarter and yearly basis, and is now trading on a PE of 13.8x versus the sector's large cap REITS on 15.2x. UBS notes Mirvac historically outperforms the REIT market when the cash rate is falling until the early stages of a tightening cycle due to its **residential** exposure. "We expect this trend to continue." (rebecca.thurlow@wsj.com; @beckthurlow)

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2328 GMT [Dow Jones] SAI Global Ltd.'s (SAI.AU) shares could remain weak for some time if the **company** can't strike a deal to sell one or more of its businesses at an attractive price, investment-research **firm** Morningstar suggests. After private **equity** suitors abandoned discussions with SAI the shares process for the **sale** of the **company** as a whole over, we believe the **board** should focus on finding a new CEO and developing strategies to achieve renewed growth," Morningstar says, adding there is some risk to fiscal 2015 earnings forecasts with management still distracted by talks on a partial **sale** of the business. It has a hold recommendation and A\$4.40/share (\$3.98) fair value estimate. SAI last traded at A\$4.18. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2313 GMT [Dow Jones] UBS cut its stance on Premier Investments Ltd. (PMV.AU) to neutral from **buy** following the recent strong run in its share price, which remains ahead of a price target lifted to A\$10.50/share (\$9.49) from A\$9.60. The brokerage says PMV posted a strong fiscal 2014 result despite a difficult period that included a warm start to winter and a heavy fall in consumer sentiment. It adds PMV's balance sheet remains robust, and says the **company** may look at broader consumer assets but is unlikely to consider acquiring additional apparel brands given international competition. PMV last traded at A\$10.60. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2308 GMT [Dow Jones] Australian pathology companies are participating in a land grab that shows no signs of abating, says Credit Suisse. The broker's analysis of current Approved Collection Centers shows a recent surge in deployments, with 526 centers added over the past nine months, an industry-wide increase of around 12%. "The accelerated pace of ACC roll out in CY14 appears irrational in our view, with inflated operating costs providing no apparent revenue gain." Broker keeps Neutral rating on Primary Health Care Ltd. (PRY.AU), Sonic Healthcare Ltd. (SHL.AU) and Healthscope Ltd. (HSO.AU). "Should weak pathology volume growth persist through FY15, the increased costs associated with ACC roll out will likely see margin erosion for all providers." (rebecca.thurlow@wsj.com; @beckthurlow)

6:55 p.m. EDT [Dow Jones] In probably its strongest statement about the future of the U.S. Export-Import Bank yet, Boeing said the continuing resolution passed by Congress on Wednesday would leave "exporters and their workers in limbo until the middle of next year, and this will likely negatively impact U.S. sales to foreign customers." The resolution keeps Ex-Im up and running until June 2015 and ensures the bank will continue to be a political football while Delta Air Lines Inc., the most vocal opponent of the bank, continues its search for 50 new twin-aisle jets from Boeing and rival Airbus **Group** NV. (jon.ostrower@wsj.com; @jonostrower)

2252 GMT [Dow Jones] Boral Ltd.'s (BLD.AU) annual tour of its U.S. **operations** will likely shed some light on what the future holds for its brick business in the country, says J.P. Morgan. At its FY14 result on

Aug. 27, Boral highlighted that a review of its global bricks position was ongoing. "While a definitive path is unlikely to be unveiled next week, there is bound to be further light shed on what form the various options might take," J.P. Morgan says. Clear direction on the issue could act as positive catalyst for the stock, it adds. Also, there will likely be considerable focus on what will change as the business enters the "transform" phase of the **company's** "fix, execute, transform" strategy. In particular, attention will likely be drawn to the "aspirational" shift towards multi-family and R&R, the broker says. J.P. Morgan rates Boral at overweight with a A\$5.80 (\$5.24) price target. BLD last traded at A\$5.22. (david.winning@wsj.com; @dwinningWSJ)

2250 GMT [Dow Jones] Atlas **Iron** Ltd. (AGO.AU) may be making a real effort to improve its cost competitiveness, but the **company** is unlikely to report material benefits until FY16, says J.P. Morgan analyst Luke Nelson. "Costs are now the main priority," he says, adding that AGO thinks it can cut its breakeven point to the mid-US\$70/ton level from about US\$80/ton currently. For now, though, with **iron-ore** prices languishing near five-year lows, the miner is cashflow neutral. J.P. Morgan keeps a neutral rating on AGO, with an A\$0.65 target. "While the stock trades at a discount to our NPV, we believe there is too much uncertainty with the **company's** growth plans, capex and cost profile to be comfortable with a more positive view," he says. AGO last traded at A\$0.585. (rhiannon.hoyle@wsj.com; Twitter: @RhiannonHoyle)

2249 GMT [Dow Jones] Private **equity** suitors Pacific **Equity** Partners and KKR & Co. have opted against pitching a final bid for SAI Global Ltd. (SAI.AU), yet a number of parties have shown interest in some of the businesses. That, says J.P. Morgan, is natural given the disparate assets that make up SAI aren't a neat fit for any one peer. Still, the brokerage notes an offer for the whole **company** was a much cleaner **transaction** and any break up or **sale** of individual assets needs to consider other factors such as tax implications and the return profile of the remaining business. As such, J.P. Morgan's price target on SAI reverts to A\$4.40/share (\$3.98) from A\$5.18. It retains a neutral recommendation. SAI last traded at A\$4.18. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

2245 GMT [Dow Jones] A debt restructure looks imminent at Africa-focused mineral-sands miner Base Resources Ltd. (BSE.AU), which J.P. Morgan says could be a positive catalyst for the stock. The broker cites comments by Base Resources management that proposed terms for a restructure of the Kwale Project Finance Facility, which supports its mineral sands project in Kenya, have already been agreed with all lenders. Under the terms of the restructure, all principal repayments will be deferred by six months, J.P. Morgan says. The first principal repayment will be deferred to June 2015 and the current portion of borrowings will be reduced to A\$12 **million** (\$10.8 **million**) from A\$50 **million**. J.P. Morgan rates Base Resources at overweight, with a A\$0.50 (\$0.45) price target. BSE last traded at A\$0.28. (david.winning@wsj.com; @dwinningWSJ)

18:37 ET [DOW JONES] Expect imminent action from the U.S. Treasury Department on inversions. "I'm hopeful that we're going to be able to take action very, very soon," U.S. Treasury Secretary Jacob Lew said at an event hosted by the UCLA Anderson School of Management. Mr. Lew said he'd met with his inversion team Tuesday on the actions being prepared and would discuss the plans with them again while he's in Australia for the G20 finance ministers meeting this weekend. Unless Treasury plans to announce the actions while the secretary is on the other side of the world, that would put an official announcement into next week at the earliest. (ian.talley@wsj.com)

18:14 EDT - Nice timing on the temporary reauthorization of the US Export-Import Bank until next June. On the agenda for its **board** meeting Thursday is an application for a loan guarantee from a unit of Brazilian airline Gol for aircraft engine maintenance. Gol previously used just such a guarantee to **park** engine work at Delta Air Lines (DAL), an arch-critic of Exim's current practices. Colombia's Avianca, Air **China**, Ethiopian Airlines and Virgin Australia among the carriers that have lined up for Exim backing for jet deals in recent weeks. (doug.cameron@wsj.com; @douglcameron)

18:10 EDT - The world's most powerful finance minister waded--just barely--into the Scottish independence question on the eve of the vote, warning that secession could create economic problems. "We think a strong, united UK is important," US Treasury Secretary Jacob Lew says in response to a question at an event hosted by the UCLA Anderson School of Management. "It's an internal debate within the UK right now, but obviously there are potentially significant economic ramifications and I think we're all watching with great interest what happens tomorrow." (ian.talley@wsj.com)

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