

HD JENNY PRABHU'S HOT & SPICY CURRY SHOP

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WC 618 words

PD 5 March 2014

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the day's menu

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The S&P/ASX 200 as at 2:19pm: up 32.9 to 5433.1

Envestra is a "hold"/an "underweight" .. CKI holds a blocking **stake** ..

*A leading broker retained its "hold" recommendation for Envestra with a target price of \$1.18, unchanged.

The broker said Cheong Kong Infrastructure (CKI) with a 17.5% interest in Envestra has not publicly stated its voting intentions. However ENV has disclosed that the two board members who are recommending against the merger proceeding are both CKI appointees. CKI's 17.5% **stake** is sufficient to block the merger.

"If the merger doesn't proceed, we expect ENV's share price will reflect its stand alone value which we estimate to be \$1.02 per share or 11% below the share price" the broker concluded.

*Another leading broker retained "hold" recommendations on both Envestra and APA, noting the blocking **stake** in CKI's hands. "Under the indicative timetable released on Tuesday, the parties have a two week period prior to the submission of a draft scheme booklet to the ASIC. If the scheme proceeds, implementation is expected at the end of May" the broker adds.

The broker cut its target price to \$1.15 from \$1.20.

*A leading broker following Envestra's appointed independent expert conclusion that APA's proposal in its present form is in the best interests of shareholders, retained an "underweight" on Envestra with a \$1.05 target price. The broker said, "Today's announcement has increased our caution on the deal, and we continue to view the current APA offer as fully valuing ENV. Key upside risks include a higher APA/competing offer.

ENV up 3.5c to \$1.18.5. APA steady at \$6.57.

* * *

Seven Group remains an "equal weight", price target lifted ..

A leading broker retained an "equal weight" for Seven Group Holdings while lifting its price target from \$8 to \$8.50 after SVW's first half profit report.

The broker said despite a substantial revenue and earnings decline, Seven Group has proactively managed its cost base, held the majority of its margins with strong cash generation and robust balance sheet offering a degree of optionality.

The broker said the first half profit was 4% ahead of its estimates. Strong cost management protected the majority of group margins with EBITDA margin falling from 15% to 13.6% excluding \$11.7 million in restructuring costs as WesTrac Australia headcount fell by 1,000 heads in the half. In contrast, WesTrac China saw an earnings turnaround on flat revenues, after reducing headcount by nearly 1,000 since 2012.

The broker expects earnings to stabilise at current levels, with the decline in product sales basing.

It raised its NPAT forecast 1/3% after the result while eps rose 1.4% and the price target was raised.

SVW up 9c to \$8.38.

Diggers & Drillers

Armour Energy is a 'speculative add" ..

A leading broker said Armour Energy is evaluating the unconventional and conventional potential of its acreage in the Northern Territory and Queensland - a new frontier.

AJQ will recommence flow testing of its Egilabria-2 lateral well in May as well as the restart of its exploration program in the North following the wet season.

The broker says a farm in agreement on some of its acreage is a likely near term catalyst, which will likely highlight AJQ's value and provide funding for the next stage of exploration and development.

The broker has a risked value of 59c on Armour Energy and rates it a

"Speculative Add".

AJQ up 1c to 16.5c.

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