

HD JENNY PRABHU'S HOT & SPICY CURRY SHOP

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the day's menu

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The S&P/ASX 200 as at 2:21pm up 7.8 to 5539.5

Asciano remains a "buy"/an "add"/a "hold" ..

A leading broker retained a "buy" on Asciano with \$6.70 price target saying the potential **sale** of its ports **stake** to **China** Merchants would make sense, following press reports of a potential **acquisition** of around a 50% **stake** in Asciano's Terminals and Logistics division.

The transaction would lower gearing and enhance earnings the broker said, with the market likely to reward an immediate de-gearing of the **company** and take comfort from the valuation read through.

*Asciano remains an "add" for a leading broker with a price target unchanged at \$6.34. This followed Asciano's confirmation that it is in discussion with parties around the potential **sale** of a minority interest in its terminals business. The broker said while the potential transaction with **China** Merchants is far from certain, the potential for a transaction at some point is real. "We therefore believe there is opportunity in the stock around current levels, with upside to the implied valuation level".

*Another leading broker retained a "hold" on Asciano with a price target of \$6.18, up from \$6.14. The broker said it estimates a **sale** of 49% of its terminals unit could realise \$1/1.2 **billion** that could be used to cut Asciano's full year 2014 net debt of \$3.6 **billion** and/or for a capital return or special dividend.

AIO down a half cent to \$5.95.5.

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GUD remains a "neutral" ahead of its profit result ..

A leading broker retained a "neutral" on GUD ahead of its profit result due this Friday.

The broker expects NPAT pre NRIs of \$28 **million**, EBIT of \$45 **million** in line with **company** guidance.

The broker's price target is \$5.56.

GUD up 2c to \$7.07.

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Sydney Airport remains a "lighten", price target raised ..

A leading broker retained a "lighten" on Sydney Airport while raising its price target to \$4 from 43.80. The broker said it expects a solid result on August 21, forecasting net profit of 96c and a dividend yield of 5.4%.

The broker said in addition to the make up of cash conversion, it will look for updates on international aeronautical charge negotiations, Qantas domestic terminals **purchase**, Sydney Airport's second Sydney airport first right of refusal and any changes to the \$240 **million** per annum capital expenditure forecast.

SYD down 1c to \$4.34.

Diggers & Drillers

Santos is a "buy"/an "accumulate" ..

A leading broker retained a "buy" on Santos while reducing its 12 month price target by 2% to \$16.95.

The broker said Santos' 2nd quarter production of 12.5 Mmboe was 5% below its estimate, largely due to facility issues (i.e. not underlying reservoir concerns that could impact reserves).. All 2014 estimated guidance was maintained.

The broker added it expects Santos to raise the interim dividend to 18c (the last seven dividends have been 15c).

*Another leading broker also retained a "buy" on Santos with a price target of \$15.70. The broker said the base business struggles, but growth projects will crank up output. "In the near term we expect investor caution on GLNG but we expect sentiment to normalise once LNG production gets nearer" the broker said in the report.

*Another leading broker retained an "accumulate" on Santos with a \$15.06 price target, down from \$15.21. The broker said Santos delivered a soft June quarter production report while the Gladstone LNG appears on track, an important driver of the stock in this transitional growth period.

Can't see how Santos will remain for long at levels just above \$14 ..

Oil & Gas Weekly in its usual comprehensive issue (as well as a companion issue on **Uranium** stocks) commented given Santos expectations of a stronger second half, and with the PNG LNG project in which Santos has a 13.5% **stake** going exceptionally well, added "We cannot see how Santos can remain for long at levels just above \$14 though we allow that investor concerns about possible cost over runs and delays at its GLNG project may continue to put pressure on the share price until there is some clarity on these issues'.

STO up 1c to \$14.16.

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