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HD	**No knowing just what Solly's up to at DJs**
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Premier Investments (PMV) $8.47, David Jones (DJS) $3.90 WHILE Solomon Lew pursues his cunning David Jones plan — so wily that it doesn't make sense to most observers — the smart money is on an earnings downgrade from the Lew-controlled apparel retailer, Premier Investments.

But is a profit warning built into Premier's share price already? According to UBS, seven consumer-oriented stocks have downgraded in the past three weeks and there's no reason to think Premier has emerged unscathed.

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On the firm's sums, Premier is trading on a multiple of 8.9 times forecast 2014-15 earnings, on an enterprise value to EBIT basis.

This excludes Premier's $202 million of net cash and its $206m Breville Groupstake.

Excluding stationery chain Smiggle and jim-jams group Peter Alexander, Premier's core brands — Just Jeans, Dotti, Jay Jays, Portmans and Jacquie E — are trading on a multiple of as little as 1.4-4.4 times.

Global peers trade on an average 11.6 times earnings and UBS says seven times would be more appropriate for Premier.

As for DJs, Lew is playing a poker game predicated on the notion that his $200m stake (9 per cent and possibly more) is enough to thwart Woolworths of South Africa's $4-a-share takeover proposal. If Lew has the firepower to stymie the bid — and does so — he risks a nasty loss as his DJs shares tumble in value.

Assuming the pennywise Lew won't launch his own offer, his gambit seems to be more about extracting something from Woolworths pertaining to his 11.7 per cent stake in the Woolworths-controlled Country Road.

But if your "enemy" is convinced you wouldn't dare trigger your nuclear weapon, you might as well leave it in the bunker.

Criterion's dumb money is on the offer prevailing, with Solly selling out for a tidy profit. We rate DJs a sell and Premier a buy.

Cover-More Group (CVO) $1.90 WE were too dumb to pick up on it at the time, too: a quasi downgrade from the travel insurer was on the cards after Flight Centre last week subtly tweaked expectations.

Flight Centre is Cover-More's distribution partner, accounting for up to half of Cover-More's premium revenue and a quarter of earnings.

Cover-More yesterday stuck to full-year EBITDA guidance of $50.1m, but noted the "obvious slowdown in the Australian leisure sector over the past two months''.

Flight Centre guided to the lower end of its stated range, as near as dammit to a downgrade for the market darling.

Cover-More shares debuted at $2 a share in December, trading below par before eventually finding favour.

We rated the stock a buy at $1.98 in March and maintain the call as management tackles the **Chinese** market in alliance with oriental agent Qunar.

Ambassador **Oil** & Gas (AQO) 36.5c and others GONE are the times when junior resources chairmen could sign off on a cosy merger deal and then drink away the theoretical synergy benefits at the Croesus Club.

These days, someone always comes along to upset the mutual backslapping. Take the two-way tussle for the hitherto sleepy Ambassador **Oil** & Gas, which sees spurned US bidder Magnum Hunter hauling its target to the takeovers umpire.

Drillsearch, Ambassador's preferred bidder, on Monday disclosed it had lifted its Ambassador **stake** from 19.9 per cent to 52.6 per cent. Given the unconditional nature of the offer, this would usually mean game over.

Magnum has asked the Takeovers Panel to freeze Drillsearch's acceptances. The **company** argues a cohort of Ambassador holders (including chairman David Shaw and MD Guistino Gugliemlo) in effect gave Drillsearch control before Magnum could get a look in.

Meanwhile, Roc **Oil** (ROC, 55c) and Horizon **Oil**(HZN, 38c) used a UBS resources talkfest to talk up their merger of equals, bitterly opposed by insto holder Allan Gray.

As acquirer, Roc holders are not required to vote on the deal. But Allan Gray's peeved Simon Marais has called a July 11 EGM to seek support to change Roc's constitution and block the deal.

In **iron ore**, Aquila Resources'(AQA, 36.5c) dominant holder Tony Poli yesterday affirmed his support for Aurizon/Baosteel's $3.40-a-share cash offer for the **iron ore** and **coal** developer.

This leaves belated bidder Mineral Resources — which offered a scrip equivalent of $3.75 a share — "considering its options''.

The three tussles show that agreed deals can be anything but. While it's nice for the target's shareholders to be the focus of an auction, they should expect delays and complications.

We suggest taking profits on Ambassador and Aquila and holding Roc and Horizon.The Australian accepts no responsibility for stock recommendations. Readers should contact a licensed financial adviser. The author does not hold shares in the companies mentioned.

CO housin : Breville Group Limited | premit : Premier Investments Ltd | djsaus : David Jones Ltd | wlhdsa : Woolworths Holdings Limited | wwrths : Precient Limited

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