

SE MarketWatch
HD **Wait and see where baby steps lead to**
BY CRITERION WITH TIM BOREHAM
WC 829 words
PD 6 June 2014
SN The Australian
SC AUSTLN
ED Australian
PG 29
LA English
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Monash IVF (not yet listed) Virtus Health (VRT) \$8.50 WITH the June 2013 Virtus Health listing proving more popular than Peter Costello's Baby Bonus, we're surprised it took more than a gestation period to spawn a wannabe IPO.

The owners of Monash IVF — a revered name in the baby-making game — yesterday launched the prospectus for a \$316 **million** raising at \$1.85 per share, for a total market cap of \$427m.

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The raising is struck on an earnings multiple of 16.4 times — spookily close to Virtus's current valuation. Virtus listed on June 11 last year at \$5.68 a share, on a prospective 2012-13 earnings multiple of 14.1 times.

Investing is all about relativities and we posit the Monash IVF valuation is not a bargain. But the offer price is not exactly over the odds in the same way as the proposed IPO of 3P Learning, author of the Mathletics software.

And — hey baby! — Monash IVF's backers are confident enough to restrict the offer to broker and priority allocations and not the great unwashed.

It's possible Monash IVF does just as well as Virtus, but we rate that as highly as the odds of a candlelit Clive Palmer-Peta Credlin rapprochement dinner.

Investors should wait to see how this one performs post-listing, at a time when so many IPOs are cawing for attention.

Nine months should do it.

Envestra (ENV) \$1.36 APA Group (APA) \$7.05 FROM IPO pipelines to gas pipelines: the burning question for Envestra punters is whether thwarted offerer APA has the means to thwart **Hong Kong** consortium CKI's endorsed bid.

The answer is probably not: Envestra's pipes may be sure-fire regulated monopolies, they don't have the upside of, say, an IVF provider. CKI last month sprang a cash bid of \$1.32 a share for Envestra, which has a web of gas pipes in Melbourne, Brisbane and Adelaide. Envestra had endorsed APA's March offer of 0.1919 APA shares for every Envestra share, valuing the target at \$1.26. Ironically, with the odds of an APA victory receding the value of APA scrip has increased, now valuing the offer at \$1.36.

CKI holds a 17.5 per cent Envestra **stake**, which would thwart APA's scheme of arrangement requiring 75 per cent acceptance.

At a West Australian site visit for analysts last week, APA chief Mick McCormack was clear that CKI's price was as full as a Kalgoorlie pleasure house. Outbidding CKI would require APA changing its scheme of arrangement to a 50.1 per cent minimum acceptance condition.

The pipes are calling not just for Danny Boy: Envestra holders might as well sell.

Those still craving for a pipeline exposure can switch to APA.

David Jones (DJS) \$3.83 STILL on (attempted) thwarted takeover tilts ... With DJS shares slumping well below Woolworths of South Africa's \$4 a share offer price, reality has dawned that Solomon Lew is just being a vexatious lad with his sub 1 per cent **stake**.

Our sell call at \$4 on Tuesday looked on the money.

Now, the stock is a hold or even a buy for those intrepid types convinced the Woolworths offer is on course.

Moko Social Media (MKB) 20c THE developer of a mobile-based content offering for targeted American audiences is testing the theory that US investors value tech plays more highly than local Aussie yokels.

Moko has set an "anticipated" offer price of \$US7.50-\$US9 for its Nasdaq-listed American Depository Shares, which on a ratio of one to 40 implies the local shares are worth 20c-24c each.

The range was set with input from the underwriter, Northland Capital Markets. Given an underwriter has every reason to diss the valuation and given the shares were languishing at 16c, this is encouraging.

Still, the proof lies in demand for the \$US10m raising, with management about to embark on a roadshow to test demand at these levels.

Chairman Greg McCann stresses management has never promised a magical re-rating of the stock. "That's not within our control," he says. "All I can say that this is the right direction for the **company** and (Nasdaq) is the right market." Moko's flagship offering is an app called REC.IT which allows college sporting clubs to communicate with their members. Moko offers the app free and exclusively to the students and the clubs, but has dibs on all ad content.

Moko also taps US pavement-pounders via Runhaven and liberal-leaning, Obama-loving political gadflies via Bluenationreview.

Moko could become just another carriage on the tech train wreck, but we've seen enough to hazard a spec buy. 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 mivfpl : Monash IVF Pty Ltd | virhep : Virtus Health Ltd. | irncpt : Ironbridge Capital Pty Ltd

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AN Document AUSTLN0020140605ea6600040