

**HD Bell Potter Loses Appetite for Bega Cheese -- Market Talk****WC** 1,480 words**PD** 29 October 2014**ET** 09:40**SN** Dow Jones Institutional News**SC** DJDN**LA** English**CY** Copyright © 2014, Dow Jones & Company, Inc.**LP**

2240 GMT -- Bell Potter cuts Bega **Cheese** (BGA.AU) to hold from **buy**, following an 8.7% rally in the stock since Oct. 16 to A\$5.13/share that eats into most of the upside on offer to investors. "We see reasonable support for Bega at any level at or below where Fonterra acquired stock (A\$4.89-A\$4.95/share) and typically become buyers at these levels," Bell Potter analyst Jonathan Snape said. He sees Bega as one of the few corporate plays in the **dairy** sector, and has a catalyst looming with the potential removal of its 10% shareholder cap in August 2016. Also, the **company** has around A\$23.6 **million** in surplus franking credits. Still, Bell Potter has redrawn its net-profit forecasts, with downgrades of 4.5% in FY15 and 4.0% in FY16. The broker also revised its price target to A\$5.45/share. (david.winning@wsj.com; @dwinningWSJ)

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2239 GMT [Dow Jones] WorleyParsons (WOR.AU) provided no financial guidance at its annual shareholders' meeting, which wasn't surprising, yet its comments of an expected skew in FY15 earnings to the second half of the year was disappointing, UBS says. That's because the first half should be up against a year-ago period that contained a number of one-off items, including restructuring costs. "We expect earnings risk and relatively low earnings visibility to remain a key issue for WOR over the medium term, in which we believe predicting the timing of major project startups and completions will remain challenging for management." UBS has a sell recommendation and A\$13/share target. WOR last traded at A\$13.25. (robb.stewart@wsj.com; Twitter: @RobbMStewart)

18:12 EDT - The Government Development Bank for Puerto Rico's available cash will fall as much as 22% below previous forecasts at the end of the quarter unless it sells at least \$1B in **bonds** to refinance debt owed by the Highway and Transportation Authority, Moody's Investors Service said in a report. The ratings **firm** believes the cash-strapped commonwealth's small **group** of available lenders will likely allow completion of such a deal, with "punitive interest costs and strict provisions on legal jurisdiction." (aaron.kuriloff@wsj.com)

18:11 EDT - Southern Co. (SO) said will take a \$418M pre-tax hit to 3Q earnings due to ongoing problems and delays at its clean **coal** power project in Mississippi. The price tag for the project in Kemper County now exceeds \$6B -- many multiples of what a conventional generating plant would've cost. SO, which reports earnings tomorrow, said the latest charge pushes shareholder losses on the project to nearly \$2B pre-tax. Utility customers are on the hook for about \$4B. SO said the plant completion is expected to be delayed to mid-2016 vs the end of 2015. Kemper used novel technology to convert **coal** into a flammable gas for power production. It also captures carbon dioxide for use in **oil** production. (rebecca.smith@wsj.com)

17:53 EDT - Edison International (EIX) reports 3Q profit of \$480M or EPS of \$1.47, on \$4.4B revenue, beating analysts' forecast of \$1.34 EOS and \$3.9B revenue. EIX raises full-year core EPS guidance to \$4.25-\$4.35, up from \$3.60-\$3.80 last April. That doesn't include \$96M or 29c/share of expenses related to the shuttered San Onofre nuclear plant or costs of \$146M or 45c/share from discontinued **operations**. EIX shares up a fraction at \$61.88 after hours. (cassandra.sweet@wsj.com)

17:47 EDT - The general trend at Oxxo convenient stores in Mexico this year has been for consumers to make purchases less frequently or to **buy** smaller sized packages amid a weak economy, says Javier Astaburuaga, CFO of Oxxo's parent **company**, Femsa. Mexicans have also been adapting to new taxes on sugary beverages and high-calorie snacks, products that account for about half of Oxxo's sales mix. Oxxo is Mexico's third-biggest retailer in terms of revenue. (amy.guthrie@wsj.com)

17:36 EDT - How much does it cost to split up a **company**? That may be the next flashpoint between DuPont (DD) and activists at Trian. In DD's presentation today to respond to Trian's push to break up the **company**, DD says it believes Trian "Significantly underestimates upfront separation costs and ongoing dis-synergies" from separating the businesses. Trian has already said it's expecting \$3B in one-time costs from the split, detailing \$1.1B for breaking current debt, as well as pension costs and other items. How expensive such a split will be, and how it impacts multiples of separated companies, will be key for shareholders deciding whether to support it or not. (david.benoit@wsj.com; @DaveCBenoit)

17:22 EDT - M/I Homes' (MHO) decision to scrap plans to sell \$350M of notes and to tender for some of its older debt signals that the high-yield debt market has tired of the slow pace of the home-construction recovery. Builders collectively raised **billions** of dollars of capital through selling high-yield notes in recent years, often simultaneously retiring older debt with higher coupon rates. MHO pulled the plug this week because it couldn't get satisfactory terms on the new notes. "The high-yield market has become increasingly concerned about the home-building sector, with **bonds** in steady and significant decline over the past two months," said analyst Vicki Bryan at Gimme Credit. "That has left the sector with weakening credit quality in a faltering **business** backdrop ahead of one or two seasonally weak quarters." MHO closed off a fraction at \$21.80. (kris.hudson@wsj.com; @KrisHudsonWSJ)

17:21 EDT - 3Q data on international trade prices from the Australian Bureau of Statistics due Thursday could be interesting, given the around 6% slide in the Australian dollar against the greenback since the start of September, says Carl Weinberg, chief economist at High Frequency Economics. "Everyone knows that **coal** and **iron-ore** prices have decayed, so a deterioration in the terms of trade is pretty widely expected," he says. "What we cannot judge easily is how much currency depreciation has offset those declines." (david.winning@wsj.com; @dwinningWSJ)

17:16 EDT - Ecuador's Minister for Strategic Sectors Rafael Poveda visits **China** seeking to attract investment to develop projects considered as strategic by the government, including a shipyard on the country's Pacific coast, a steel complex and a plant to produce urea. **China** and Ecuador also are negotiating financing for the \$10N Refineria del Pacifico, the most important infrastructure project for the Ecuadorean government. Last Week President Rafael Correa visited Qatar, also looking for investments. (mercedes.alvaro@wsj.com)

17:10 EDT - Gilead (GILD) sees early signs for strong launch of its new hepatitis C drug, Harvoni, which FDA approved on Oct. 10. Looking at the first week of prescriptions, GILD said it saw doctors who hadn't prescribed an older hepatitis C drug prescribing Harvoni. GILD also saw doctors writing prescriptions for Harvoni sooner than physicians did for the older drug, Sovaldi. Sovaldi has had the biggest-selling drug launch, ringing up \$8.6B in sales during the first nine months of this year. GILD, which gave the update during its 3Q earnings call, didn't give the number of Harvoni prescriptions, but analysts say it's many more than Sovaldi during its first week on **sale**. GILD off 2.4% at \$110.70 after hours. (jonathan.rockoff@wsj.com, @jonathanrockoff)

17:06 EDT - At WSJD Live, an executive at the human resources software **company** Cornerstone onDemand talks about a recent **acquisition** of big data analytics startup Evolv for \$42M. Cornerstone has data on 15M employees globally, on everything from performance reviews to retention to recruiting. But that data is a black box, CTO Mark Goldin says. Evolv, which is backed by some big names in Silicon Valley, including Google's (GOOGL) HR chief, will apply data **mining** techniques to Cornerstone's data. That could enable Cornerstone to predict top performers, bonuses, satisfaction and make decisions about who needs training, he says. Despite largely positive press, Evolv's low **acquisition** price is questionable and suggests that big data companies are still figuring out a **business** model. The exec wouldn't comment on that. (elizabeth.dwoskin@wsj.com)

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