The stocks to watch as new year dawns

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Body

As the experts and soothsayers look at the tea leaves and entrails for another guess at what might happen in the New Year, 2023's erratic market movements showed how predicting the mood and the intent of the market gods should be left to the Chatbot.

Soaring interest rates meant the sharemarket was supposed to slump as we plunged into recession, but neither happened. The oil price was meant to soar after the Middle East hostilities erupted, but the rally quickly fizzled before a late rally.

The bitcoin price was meant to either collapse or hit $US100,000, but did neither.

Lithium was mean to soar on the "stronger for longer" battery hype, but went flat as a nightman's hat in the last months of the year.

More predictably, the Ukraine war grinds on - and so does Vladimir Putin, who was meant to have been poisoned or have succumbed to cancer or Parkinson's disease. (Alternatively, he has been dead for some time and his role as global villain has been fulfilled by a body -double.) The hazards of predicting the unpredictable were reflected in your columnist's forgettable small-cap share tips for 2023, which resulted in some steep losses among industrial picks such as small retailers and even some sexy battery metal plays.

But we did find a winner in Vysarn (ASX:VYS), which provides pumping and aquifer management systems for the mining sector (the stock almost -doubled).

Uranium stock 92 Energy(92E) made a late play to lift our averages by agreeing to merge with Canada's Atha Corp, a deal that sent 92E shares up 24 per cent. We also lucked it with Breaker ***Resources***, taken over by ***Ramelius Resources*** (RMS) at a 40 per cent premium.

Following hours of due diligence with shady broker types at Melbourne's legendary Mitre Tavern, here are our wild stabs at glory for 2024.

Acusensus (ACE) The camera road enforcement mob won't win any plaudits from libertarian motorists, but if they can catch more mobile phone-using idiots then good on 'em, we say. Acusensus operates transportable mobile phone and seat belt detection cameras, based on its tech that enables the cameras to peep through tinted windows.

The company has contracts with NSW, Queensland and ACT road authorities and recently won its first US phone-seatbelt contract in North Carolina. Acusensus cites $154m of contracted revenue since being founded in 2018, with $40m of new and varied deals over the last year.

Management is vague about the outlook but promises increased revenue this year based on existing contracts. In 2022-23 Acusensus posted revenue of $42m, up 46 per cent and a slender $400,000 net profit. The past year has gone relatively well, with September quarter revenue of $12.1m (up 22 per cent) and $2.9m of operating cash flow. Acusensus shares have lost 80 per cent of their value since listing last January. But they've gained about 16 per cent in the December half. The company's $100m market cap is supported by cash of $25m.

Camplify (CHL) Does this sound familiar? Spend $100,000 on a recreational vehicle (RV) for the road trip of a lifetime, only for the jalopy to rust in the driveway.

The Airbnb of the campervan world, Camplify intermediates renting deals between van owners and users. Its premise is that 800,000 privately owned RVs in Australia and most of them sit in the driveway for 46 weeks of the year. A year ago, Camplify acquired the Berlin-based equivalent PaulCamper, adding Germany, Austria and The Netherlands to its operations, which already covered the Britain, Spain and New Zealand. The $47m purchase doubled the size of Camplify's business overnight and bolstered its position in specialist insurance products.

Camplify recorded total transaction value (TTV) of $146m in the year to June 2023, up 172 per cent. Revenue climbed 133 per cent to $38m, with turnover in NZ surging 1100 per cent. Camplify facilitates 81,933 bookings at an average fee of $1733. Camplify's clip of the ticket last year declined to 26 per cent because of the PaulCamper purchase but management hopes to get it back over 30 per cent.

The site lists 15,000 RVs here and 18,000 in Europe, a fraction of the market relative to van ownership of 790,000 here and 5.6 million on the continent.

Reckon (RKN) Shareholders in the accounting software veteran thought they had their payday when the company sold its accountant practice management arm for $100m in mid-2022 - more than the company's market cap at the time.

In recent years Reckon has been overshadowed by the likes of "cloud" accounting innovator Xero in its traditional SME domain. But the company is migrating customers to its own cloud Reckon One platform, which could enhance Reckon's value as a takeover target. In the meantime, Reckon has expanded into practice management systems for law firms in the US and Britain, which broker Taylor Collison dubs a "gem in the making".

Reckon turned over $28m in the first (June) half, for a $4m net profit and a 2.5c per share dividend. The stock trades on a current year multiple of 11 times and a 4.5 per cent yield, fully franked.

Highcom (HCL) Formerly known as Xtek, ballistics maker Highcom should be shooting the lights out, but its shares have lost more than a third of their value this year.

Highcom also produces unmanned drones and body armour and helmets, based on its proprietary tech. It has an Ohio-based ballistics division and the company is in the throes of moving its Adelaide-based R&D division to the US. Highcom generated a record $98m of revenue and made a record $5.7m profit in the 2022-23 year. The recent AGM was replete with talk of new contracts - notably with the local Department of Defence - and an overall $375m pipeline of opportunities "at various stages".

As with the company's ballistic vests, why have the shares copped such flak? The answer appears to be that cracking the US military establishment is a hard grind and sales have not been as good as expected. Inventories crept up to $25.7m from $16.4m previously. By moving to the US, the company hopes to be seen as an apple-pie US supplier. In fact, it must because by law all kit for the US military must be made there.

Dimerix (DXB) Having toiled away at a kidney drug for years, in October the drug developer hit the jackpot with a partnering deal for its yet-to-be-approved treatment for the rare disease focal segmental glomerulo-sclerosis (FSGS). Dimerix shares popped more than threefold after the news of the deal with Advanz Pharma Corp. The deal only pertains to European and local regions and does not cover the US, so a follow-up deal is expected. And interim results from the key two-year supporting Phase 3 study are slated for March 2024. The outcome, admittedly, is binary: the drug will either be approved or it won't.

4D Medical (4DX) The lung imaging house had a bonza end to 2023 on the back of contract wins, approvals and reimbursement deals in the US.

The final stanza was last month's $38.5m purchase of US med tech outfit Imbio, funded by a $35m placement. A leader in lung and heart artificial intelligence, Imbio is generating revenue and will expand 4D's product reach beyond its four approved products. 4D's AI and cloud-based tech enables clinicians to detect fine particles in the lungs, especially for the millions of US veterans suffering the effects of toxic open-air "burn pits" in combat zones such as Iraq.

Kogan (KGN) The pure-play online retailer's shares have lost about 80 per cent of their value since peaking at around $25 in the peak pandemic times of October 2020. The return to normality left Kogan with excess inventory and a suspicion the best times were behind Ruslan Kogan's creation, which includes brands such as Kogan Mobile, Kogan Travel, Kogan Money and Dick Smith.

But Kogan's 2022-23 results showed a decent sixfold bounce in underlying earnings, with the inventory position "rightsized" to $68m. The company also has no debt and cash of $65m to support its $540m valuation.

Analysts are tracking the rollout of the Kogan First loyalty program, which has attracted 401,000 subscribers in its early days.

Dicker Data (DDR) Most tech companies pride themselves on cutting-edge innovation and start-ups wear persistent losses as a badge of pride.

But for Dicker Data it's a case of sticking with the simple business of selling other parties' hardware and software and making money from it. Over 45 years, founder David Dicker has seen all the momentous advances - such as the advent of the PC and the internet - as well as the IT fads. Over that time, the business has rarely failed to increase year-to-year revenue and profitability.

Aumake (AUK) With China-Australia trade relations recovering from a dismal low, some investors are pondering how to ride the theme beyond going long on Treasury Wine Estates (a key beneficiary of a soon-to-be abolished wine tariff).

The low-key, Parramatta-based Aumake sells products such as health supplements and wool and skincare items into China, through both online and via physical stores. Having closed its 15 Australian stores during the pandemic, Aumake is seeking to ***re***-establish its local presence.

Aumake posted perkily higher September quarter receipts of $6.4m with cash outflows of $630,000. The company's sub $10m market cap reflects plenty of upside - and oodles of risk.

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