CREDIT SUISSE

First Edition – Australia & NZ

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EQUITY RESEARCH

CREDIT SUISSE EQUITIES (AUSTRALIA) LIMITED
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MARKET EVENTS

AGM, Avita Therapeutics	**29 Oct**
AGM, Challenger	**29 Oct**
AGM, JB HI-FI	**29 Oct**
AGM, Reliance Worldwide Corp	**29 Oct**
AGM, South32	**29 Oct**
Import Price Index QoQ (3Q)	**29 Oct**
Export Price Index QoQ (3Q)	**29 Oct**

UPCOMING CONFERENCES

11th China Investment Conference – Virtual	**2 - 6 Nov**
8th Annual LatAm Basic Materials Virtual Conference– Virtual	**4 - 5 Nov**

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Featured Research

NST.AX: Northern Star Resources – NST-SAR: A merger that works on all measures

NST's proposed nil premium merger with SAR is set to create a new goldco heavyweight with proforma FY21F prodn 1.6Moz, pathway to 2.0Moz pa, sizeable 19Moz Reserve, and with clear inventory growth opportunity on conversion of its 49Moz Resource (comps: NCM FY21F ~2.05Moz, RSV 52Moz; EVN ~700koz, 7Moz). The opportunity to transact at nil-premium for what are highly complementary businesses offering significant synergies is a textbook optimal outcome, and the combined business offers a superior growth outlook to peers. *Click here* to read on.

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Note: If the rating of a company shown on the cover of *First Edition* is in bold type a rating change has taken place.

Australia & NZ Market Reports

Australia	Index	+/-	1Day	1Wk	%1Mth	%Yr
All Ordinaries	6262.5	15.3	0.2%	-2.2%	2.1%	-8.6%
S&P/ASX 50	5781.0	-14.7	-0.3%	-2.2%	0.5%	-14.1%
S&P/ASX 200	6057.7	6.7	0.1%	-2.2%	1.8%	-10.2%
Banks	5892.3	0.0	0.0%	-1.2%	6.3%	-27.1%
Insurance	2919.0	0.0	0.0%	-2.6%	1.2%	-33.3%
REITs	1311.2	-10.1	-0.8%	-2.4%	-1.0%	-20.2%
Industrials	5695.8	-11.5	-0.2%	-2.6%	-2.3%	-18.2%
Materials	13702.8	30.5	0.2%	-3.3%	-1.5%	4.2%
Cons. Discreet	2752.7	23.7	0.9%	-2.1%	3.0%	3.1%
Cons. Staples	12679.9	227.6	1.8%	1.5%	3.7%	2.5%
NEW ZEALAND						
NZX 50	12264.5	12.610	0.1%	-1.4%	3.9%	13.6%

Currencies, Interest Rates & Gold	Index	+/-	%1Day	%1Wk	%1Mth	%Yr
AUD/USD	0.714	0.002	0.2%	0.4%	1.0%	4.1%
AUD/GBP	0.546	0.000	0.0%	1.0%	-0.8%	2.4%
EURAUD	1.654	0.000	0.0%	-0.7%	0.3%	2.2%
NZD/USD	0.671	0.000	0.0%	0.8%	2.4%	5.6%
AUD/NZD	1.063	0.000	0.0%	-0.6%	-1.5%	-1.6%
TWI	0.602	0.001	0.2%	1.0%	-0.2%	1.0%
AU 10Y	0.785	-0.020	-2.5%	-3.3%	-6.7%	-32.4%
NZ 10Y	0.533	-0.052	-8.9%	-13.8%	10.4%	-60.2%
US 10Y	0.764	-0.039	-4.9%	-6.9%	16.1%	-58.4%
UK 10Y	0.237	-0.044	-15.7%	0.4%	16.7%	
DE 10Y	-0.620	-0.043	7.5%	6.2%	18.3%	76.6%
Gold Spot	1,907	5.136	0.3%	-0.9%	1.4%	28.2%

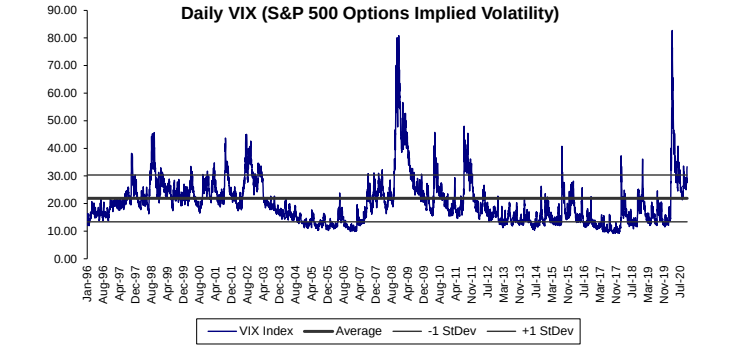
Best Performers	Close	%	Vol '000	Worst Performers	Close	%	Vol '000
Blackmores Ltd	72.48	13.7%	232	**Adelaide Brighton**	2.90	-4.6%	3105
Ioneer	0.19	11.8%	5207	**Flight Centre**	11.95	-4.6%	4296
De Grey Mining	1.19	9.7%	10377	**Jumbo Interact**	11.39	-4.4%	618
Polynovo	2.74	8.7%	5572	**Cooper Energy**	0.33	-4.4%	1879
Temple & Webster	10.65	8.0%	1809	**Australian Pharmaceutical Ind**	1.06	-4.1%	869
West African	1.05	7.7%	6079	**Corporate Travel Mgmt**	16.02	-4.0%	607
Ramelius Rsrcs	2.06	7.6%	4988	**Dacian Gold**	0.37	-3.9%	1860
Afterpay	102.97	7.3%	1888	**BWX**	3.90	-3.7%	800
Sealink Travel	6.11	6.4%	501	**Boral**	4.57	-3.6%	6246
City Chic	2.77	6.1%	3803	**GPT Group**	4.11	-3.3%	7343
Champion Iron	3.17	5.7%	431	**Karoon Energy**	0.82	-3.0%	2094
Pointsbet	10.99	5.5%	1566	**Arena REIT**	2.61	-3.0%	428

Source: ASX, The BLOOMBERG PROFESSIONALTM service, Refinitiv

Commodity Prices		Spot*	Forward Curve 3mth	Forward Curve 15mth	Credit Suisse Forecasts 4Q20	2020	2021
Bulks							
Iron Ore	$/t	79.7			85.0	89.3	81.0
Coking Coal	$/t				115.0	124.2	130.0
Thermal Coal	$/t	61.8			53.0	56.2	55.0
Base Metals							
Aluminium	USc/lb	81.9	82.6	85.2	77.1	74.2	77.1
Copper	USc/lb	307.5	308.4	308.9	280.3	267.4	280.3
Nickel	USc/lb	720.1	721.5	730.2	610.1	582.8	620.1
Zinc	USc/lb	114.9	115.4	116.9	99.8	96.3	99.8
Lead	USc/lb	79.8	80.6	82.6	83.9	81.3	85.3
Tin	USc/lb	820.1	819.7		907.2	907.2	916.0
Precious Metals							
Gold	US$/oz	1906.8			2100.0	1836.0	2500.0
Silver	US$/oz	24.6			18.0	17.0	18.0
Platinum	US$/oz	878.7					
Energy							
Oil (Brent)	US$/bbl	40.0	42.0	44.3	43.0	41.0	50.0
Oil (WTI)	US$/bbl	38.6	40.2	41.8	41.0	38.0	45.0

**Fiscal year averages used, Steel prices are contract prices. Spot as of 10PM AEST.*

VIX (S&P 500 Options Implied Volatility)



VIX – Current	1mth rol(avg)	3mth rol(avg)	6mth rol(avg)
33.35	27.75	26.07	27.96

Freight	Spot	1 Wk (avg)	1 Mt (avg)	3 Mt (avg)	6 Mt (avg)	1 Yr (avg)
Baltic Dry	1415.0	1370	1708	1524	1320	1100

Source: The BLOOMBERG PROFESSIONALTM service

Upcoming Credit Suisse Global Conferences

New additions this week in bold.

November 2020 to July 2021	
2 - 6 Nov	2020 11th China Investment Conference – Virtual
4 - 5 Nov	2020 8th Annual LatAm Basic Materials Virtual Conference– Virtual
8 - 11 Nov	2020 CS Meetings at the 55th Annual Edison Electric Institute (EEI) - Virtual
10 Nov	2020 Brazil EdTech Virtual Conference (In Portuguese) - Virtual
9 - 12 Nov	2020 29th Annual Healthcare Conference – Scottsdale / Virtual
11 – 12 Nov	2020 1st London LatAm Virtual Conference - Virtual
12 - 17 Nov	2020 Asia Frontier Markets and ASEAN Virtual Conference – London/New York (Virtual)
16 - 20 Nov	2020 Asia Internet Conference – London / New York
17 - 19 Nov	2020 3rd Brazil Utilities Day – Sao Paulo, Brazil / Virtual
17 - 18 Nov	**2020 Credit Suisse Virtual meetings as part of NAREIT – Virtual / USA**
18 - 20 Nov	2020 Swiss Small & Midcap Conference – Zurich
18 - 20 Nov	2020 2nd Japan Corporate Days – London (Virtual)
23 - 24 Nov	2020 EMEA FinTech Conference – London
23 - 25 Nov	2020 European Financials Disruption Conference – Virtual
24 Nov	2020 London Specialty Chemicals Conference - London / Virtual
26 Nov	2020 3rd UK Utilities Day - Virtual / London
30 Nov - 3 Dec	2020 24th Annual Technology Conference – Scottsdale
1 – 3 Dec	2020 Asia Financials Corporate Day – Virtual
2 - 4 Dec	2020 8th Annual CS Industrials Conference (Virtual) – Palm Beach/Virtual
7 - 11 Dec	2020 Disruptive Business Week – Virtual
7 - 11 Dec	2020 9th Annual European Healthcare Fieldtrip – Europe
8 - 9 Dec	2020 10th European Business Services Conference – New York
4 – 8 Jan	2021 12th AESAN Conference - Virtual Event
6 – 8 Jan	2021 Greater China Technology and Internet Virtual Conference - Virtual Event
2 – 3 Mar	2021 Global Healthcare Conference - London
12 – 13 Apr	2021 Cap Goods Automation - Hannover Messe - Hannover
21 – 27 Jun	2021 Paris Air Show - London
28 Jun – 1 Jul	2021 Mobile World Congress - Barcelona

Dates and events are subject to change.

Link to the live Credit Suisse conference calendar: Credit Suisse – Global Corporate Access Calendar

If you would like to attend any of the above conferences, please contact the Australian Corporate Access team:
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At a Glance

Market and key sector metrics

As at 28 October 2020	PE (1)			PE Rel vs ASX 200(1)			EPS Growth % (1)			Div Yield % (1)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
S&P/ASX 200	22.52	18.50	17.21	1.00	1.00	1.00	-25.76	21.73	7.50	3.09	3.29	3.73
Emerging Companies (3)	22.90	19.34	15.65	1.02	1.05	0.91	-28.88	18.38	23.64	2.74	3.06	3.46
Financials (2)	18.44	15.90	13.88	0.82	0.86	0.81	-34.54	16.03	14.51	3.30	3.45	4.96
Banks (2)	18.51	14.71	12.83	0.82	0.79	0.75	-40.38	25.90	14.58	3.17	3.54	5.31
Diversified Financials (2)	17.93	20.94	18.15	0.80	1.13	1.05	-8.44	-14.35	15.36	3.67	3.09	3.96
Insurance (2)	20.71	19.66	18.34	0.92	1.06	1.07	-14.81	5.31	7.23	3.73	3.72	4.04
Real Estate (2)	21.04	17.70	16.58	0.93	0.96	0.96	-25.98	18.88	6.75	3.87	4.13	4.33
Materials (2)	12.23	10.22	12.51	0.54	0.55	0.73	7.16	19.74	-18.31	5.23	5.32	4.07
Metals & Mining (2)	11.57	9.61	12.11	0.51	0.52	0.70	8.73	20.34	-20.63	5.51	5.69	4.09
Energy (2)	17.59	16.84	11.90	0.78	0.91	0.69	-45.12	4.49	41.51	2.53	3.36	4.57
Industrials ex Infra (2)	72.34	27.05	15.26	3.21	1.46	0.89	-79.13	n.m	77.23	2.69	3.18	3.54
Infrastructure	-115.71	-1485.35	98.97	-5.14	-80.29	5.75	n.m	92.21	n.m	2.35	2.38	3.46
Consumer Discretionary (2)	32.32	26.78	22.51	1.43	1.45	1.31	-33.41	20.68	18.96	2.46	2.94	3.33
Consumer Staples (2)	26.91	21.82	21.38	1.20	1.18	1.24	-7.98	23.36	2.07	2.67	3.38	3.45

(1) Includes all companies covered by Credit Suisse analysts. (2) All sectors are based on S&P/ASX200.Companies on restricted list are not included in aggregates (3) Emerging companies are all companies covered by Credit Suisse analysts excluding top 100 stocks.
Source: Company data, Credit Suisse Estimates, Refinitiv

Australia/NZ equities executive summary

COMPANIES & SECTORS

Well set for a significant 1H21

Coles Group (COL.AX)

Share Price 17.64 (AUD)
OUTPERFORM

Target Price (from 20.16) 21.04 (AUD)

Grant Saligari
Research Analyst
61 3 9280 1720

Strong sales momentum, lower-than-expected costs and improvements in gross margin set Coles up for a significant 1H21. Sales momentum was strong despite some NT headwinds (cessation of letterbox delivery of paper-based catalogues, Woolworths' collectibles campaign). COVID-19 specific costs were lower relative to expectations and Smarter Selling benefits were described as being on track. Gross margin appears likely to benefit from lower promotional intensity. Supermarket sales are likely to re-accelerate through November and December with more residents in the country and more in-home celebration relative to pcp. We increase our FY21 forecasts and raise target price to A$21.04/share (prev. A$20.16).

Supermarket sales +9.7% YoY maintained momentum in the 1Q despite cessation of paper-based catalogue delivery and competition from Woolworths' collectibles campaign. Liquor sales +17.8% YoY in 1Q were likewise strong. We expect sales to re-accelerate from the October rate of 6% as the sector benefits from more residents in the country in the typically peak travel month of December (we estimate a +4% boost to resident population in December) and more at home celebration than would be typical in prior years. Commentary of supermarket promotions normalising (but not back to normal yet) is also consistent with supermarket gross margin increasing YoY in the 1H.

COVID-19 specific costs were lower relative to expectations (A$65mn in 1Q21 versus A$100mn COVID-19 costs in 4Q20) and decelerated through the quarter (run rate A$15-20mn per month). Smarter Selling benefits (prev. guidance +A$250mn benefit in FY21) were described as being on track. Cost performance enabled Coles to reinvest some savings into service and online during the quarter.

Coles Online sales revenue + 57.1%1Q21 and represented 6% of overall supermarket sales revenue. B2B sales fell and B2C sales increased 72.8%. Whilst there is investor debate about an 'optimal' online model, we continue to view locking in Ocado technology as a net positive and think hybrid central/store-based solutions are the most likely to meet differing online shopping requirements.

SepQ a pass. Positioned for market improvement

Galaxy Resources (GXY.AX)

Share Price 1.34 (AUD)
NEUTRAL

Target Price (from 0.84) 1.30 (AUD)

Nick Herbert, CFA
Research Analyst
61 3 9280 1754

SepQ summary. 30kt Li_2O produced, ~flat on SepQ for YTD 75kt, 77% of mid-FY21F 90-105kt. Cash cost US$406/t (YTD US$444/t). Royalties/marketing at 5% revenues plus capex adds ~US$50/t to get to an all-in cost ~US$455/t vs a sales price < US$400/t. Concentrate grade produced 5.9% remains marginally below, but is thereabouts, to 6% benchmark (YTD 5.95%). SepQ grade sold a lower 5.6% (YTD 5.8%) as lower grade stockpile is still clearing. No issues reported in concentrate saleability but will be incurring a small grade adjusted discount to benchmark perhaps US$15-20/t. SepQ shipments 16.8kt (YTD 75kt). Closing inventory 62kt. Capex US$5mn. Cash & financial assets US$105mn.

Outlook. DecQ prodn guide 25-30kt with a minimum of two shipment sales (~30kt).15.7kt shipped at the start of October, with a similar size due imminently. Spot sales are being pursued to add perhaps another two shipments for an aspirational, but not budgeted, ~60kt total DecQ sales. If achieved, that would be a considerable positive in our view, demonstrating genuine demand growth returning to the market noting the last time sales of that magnitude were achieved by GXY was back in DecQ17. Management reports an increase in sales queries from its customer base, part driven by product uncertainty with respect to Altura's administration, potentially creating a short-term sale opportunity. No price guidance but external pricing agencies suggest a stabilisation at current low levels. DecQ capex US$5-7mn.

Investment view. Target Price increased to A$1.30/sh (from A$0.84) reflecting increased attribution of our SdV NPV to 75% (prior 50%) in our group value. This reflects advancement in test work demonstrating higher grade technical carbonate 99.4-99.6% production, above prior primary grade specification. We view this as a positive, and partial de-risking. We caution, however, that final plant design (stage 1), capex/opex, as well as a subsequent process route to battery processing, remain subject to ongoing studies and test work. Feasibility due CY21 on stage 1 ahead of FID will provide a better basis for project modelling and valuation. We expect any evident demand growth (sales) across the sector including GXY's DecQ to be share price supportive, but view the greater value opportunity a crystallisation in SdV value via sell down/sale which requires a marked improvement in the macro not yet evident. Neutral.

Strategic accretive acquisition that will entrench HUB as an industry leader; Upside risk to flows but rate cut could be a headwind

HUB24 (HUB.AX)

Share Price 20.97 (AUD)
(from UNDERPERFORM)
NEUTRAL

Target Price (from 18.70) 21.50 (AUD)

James Cordukes, CFA
Research Analyst
61 2 8205 4858

HUB announced a series of acquisitions (Xplore Wealth, PARS and a ~40% stake in Easton) for total consideration of ~A$90mn alongside a ~A$60mn equity raising. HUB will also sell Paragem to Easton for scrip. Combined the acquisitions / raising are financially accretive (13% in FY22E rising to almost 20% in outer years as synergies flow through), however, they also bring new revenue opportunities (eg broadening into non-custody assets) and upside risk to our flow forecasts (eg new client relationships through Xplore, deeper strategic relationship with Easton). The acquisition entrenches HUB's offering as one of the leading and most holistic in the market thereby supporting continued inflows. We upgrade our FY21/22/23 EPS forecasts by 1%/11%/15% and increase our target price to A$21.50 (from A$18.70). We upgraded our rating to NEUTRAL (from Underperform) with HUB continuing to capitalize on the opportunity in the wealth market and delivering strong earnings growth. While a cut to cash rates still poses downside risk to our forecast, there is also upside risk on flows following the recent acquisition.

Xplore. The acquisition brings scale, new functionality and a non-custody business. While there are sizeable cost synergies and strategic merits to the acquisition it has the added benefit of avoiding additional development costs if HUB were to build some of the acquired functionality itself. Given low revenue margins (eg 2-3bp) we view the non-custody business as only a modest revenue opportunity but see it as a key part of a holistic offering and a competitive advantage which will assist building deeper and broader relationships with advice groups. While the integration of the non-custody business should be straightforward (more of a data tool) we carry some concern around the process required to migrate custody clients (eg does it require client consent or a success funds transfer) and whether it could carry some attrition risk. While a high headline acquisition multiple (~21x EBITDA) it is more attractive when including synergies (~5x) or on a revenue basis (~2.6x).

PARS. A small (A$10mn) bolt on acquisition which strengthens HUB's relationship with a key client and adds scale to its non-custody business.

Easton. A potentially larger than needed 40% investment in Easton (one of HUB's largest users), however, we appreciate this acquisition was highly accretive (9%) given HUB raised at ~125x historical earnings and paid ~7x underlying historical EPS for its stake. It is also pleasing to see any the risk from advice ring-fenced in a separate investment.

3Q20 quarterly update – back to user growth

Life360 Inc (360.AX)

Share Price 3.96 (AUD)
OUTPERFORM

Target Price (from 4.80) 4.70 (AUD)

Quinn Pierson
Research Analyst
61 2 8205 4537

3Q20 result key points: (1) The U.S. is back to user growth (+500k since 30 June). (2) CY20 revenue guidance of US$79-82mn retained and operating cash outflow and underlying EBITDA loss (ex SBC) guidance improved to c. -US$10 (from -US$10-14mn). (3) New membership signups continue well with 93k new and upsell memberships consisting of 15%/69%/16% silver/gold/platinum, and average revenue per paying circle of new cohorts +30% from 1H20.

Modest forecast changes. We reduce our MAU forecasts by 3% driven by the U.S. where our prior 4Q20 assumptions may have been somewhat ambitious given COVID challenges still remain, and we leave our remaining revenue assumptions largely unchanged (revised CY20 revenue forecast of US$80.3mn remains within guidance). Our CY20 cash outflow forecasts improve following less 3Q20 customer acquisition spend than anticipated although our forecasts do assume an increase in 4Q20 (our CY20 cashflow and EBITDA ex SBC assumptions are also within guidance). Overall we have a slight reduction in target price to A$4.70 per share (from A$4.80) which is based on 4x CY21 revenue, although note we are comfortable with a higher multiple if the rebound in growth post COVID proves sustainable.

Retain OUTPERFORM. The growth trajectory had moderated unsurprisingly due to COVID-19 given the core features of the product (location and driving information) have been of less relevance in an environment of reduced mobility. That said, the user growth trajectory is now rebounding, recent quarterly updates demonstrate the ability to grow profitably, and early results of the membership launch are indeed driving the expected ARPU increase. Overall we see scope for high rates of revenue growth and upside risk to the applied revenue multiple which provide opportunity for the 360 share price to be an attractive outperformer.

Strong SepQ delivers operating upgrade, but development aspirations take a hit

Sandfire Resources (SFR.AX)

Share Price 4.29 (AUD)
OUTPERFORM

Target Price (from 5.40) 5.25 (AUD)

Nick Herbert, CFA
Research Analyst
61 3 9280 1754

SepQ summary. Strong Monty delivered record Cu production 19.4kt, Au 11.7koz at C1 US$0.53/lb. FY21 prodn guidance unchanged 60-70kt Cu, 36-40koz Au, with top of range targeted across both Cu/Au. C1 reduced 5c/lb to US$0.85-0.95/lb. Outlook includes softer Q2/3Q production vs 1Q, then a strengthening in Q4. Cash A$304mn ex-leases. No debt.

Development fortunes mixed. The Positive: MOD T3/A4 (Botswana) continues to advance, with a feasibility study due on the initial T3 concept by end-CY20. This is to be followed / enhanced by its A4 Resource and study update likely in CY2021. Initial T3 scale 3.2Mtpa, with an increase to 5.2Mtpa considered subject to A4 Resource. Management are bullish on the region's exploration prospectivity, a view informed by encouraging drilling results to date, an array of targets within ~30kms of process hub, and its extensive land holding. These suggest the passage of time should see the project grow and increase in value. We model a base case 3.2Mt producing 30kt+ pa, increasing to 5Mt, 45kt+ pa from FY28. We attribute 70% of our project NPV to account for execution, performance and estimate risk.

The Negative: After six years in the making, the Black Butte (BB) Reserve and Feasibility Study has revealed a project that appears uninvestable in its current form. Its maiden RSV presents a smaller scale, lower grade project than its RSC. FS study NPV US$78mn post tax (5% WACC) based on US$275mn capex, itself subject to +/-15% estimation tolerance, with an above spot Cu price US$3.20/lb assumed. Applying some simple sensitivities to these factors we can quickly get to a neutral (or negative) NPV outcome, and that is before factoring any of a number of other risks – resource reconciliation, mining performance, cost and capex overrun – inherent to mining projects. The project needs further exploration success and optimization to warrant development. That outcome is possible, with management indicating it has invested little in exploration to date, while inclusion of the adjacent Lowry deposit (not within the FS but similar scale, lower grade) should enhance its economics, albeit this also remains subject to time and further capital (A$60mn spent to date).

Valuation. TP trimmed to A$5.25/sh (from A$5.40) on removing BB from our valuation, offset by increased MOD T3/A4. EPS changes SepQ / cost guidance. Spot value A$6.12.

The right place and the right time

Super Retail Group (SUL.AX)

Share Price 11.70 (AUD)
OUTPERFORM

Target Price (from 11.83) 12.21 (AUD)

Grant Saligari
Research Analyst
61 3 9280 1720

The strength of the 1Q21 sales result likely surprised even the more bullish investors on SUL with group sales +25% and gross margin +200 bp in the first 17 weeks of FY21 (forecast 18% and 20 bp for the 1H21, respectively). With a business portfolio heavily weighted to domestic leisure related activity and international travel likely to remain heavily curtailed, we see SUL benefiting from a multi-year elevated level of domestic leisure expenditure. Auto and Sports have market leading positions, brands have strengthening digital positions and the stock is cheap relative to peers (SUL14x vs AXJI 23x, BAP 25x, KMD 15x FY21). We increase our target price to A$12.21 (prev A$11.83). We upgrade earnings to reflect the stronger-than-expected margin outcome.

For the Auto (comp sales +21%) and BCF (comp sales +61%) divisions, sales growth for the first 17 weeks of FY21 remained consistent with the first seven weeks. Sales at Rebel Sports (+16% for 17 weeks) slowed to a mid-to-high single digit rate of growth in the latter 10 weeks of the period which was mainly due to lower promotional activity – a decision taken to preserve inventory. Hence, a softer sales outcome was counter-balanced with stronger gross margin. Inventory is described as adequate. Online sales growth exceeded 100% in each brand due to the significant investment in digital capability undertaken in recent years. Macpac underperformance can be largely attributed to Melbourne and Auckland temporary store closures.

Sales and margin are likely to remain strong through FY21. The pcp was significantly negatively impacted by bush fires in the December – February period and then Easter was a non-event from a domestic leisure perspective due to the first COVID-19 lockdowns in Australia and New Zealand.

InfraCo valuation implies remaining operations valued at under 4x EBITDA

Telstra Corporation (TLS.AX)

Share Price 2.70 (AUD)
OUTPERFORM

Target Price 3.85 (AUD)

Entcho Raykovski
Research Analyst
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Investor Day to provide further detail on InfraCo … TLS is scheduled to hold an investor day on 12 Nov, with the company indicating it will provide further detail on (1) financials for each InfraCo asset class and (2) next steps towards potential monetisation. Ahead of the investor day, we consider the likely value of InfraCo and what it implies for the remaining assets. Our analysis, which adopts an SOTP approach to valuing InfraCo, concludes that it accounts for around two thirds of TLS' current enterprise value, with a multiple of less than 4x implied for the remaining TLS operations.

…including earnings for the tower assets: TLS' tower assets were only incorporated into InfraCo from the start of FY21, so the reported InfraCo earnings are yet to include any towers contribution (we'd expect further disclosure at the investor day). Based on the yields generated by European and US tower operators, we estimate that TLS' tower assets could generate EBITDA of up to A$290mn and be valued at cA$5.8bn (20x EBITDA multiple). We are wary that the earnings generated by TowerCo are dependent on establishing a commercial agreement with TLS, and so the quantum will ultimately be determined by the terms of that agreement. However, TLS has indicated that it intends to increase TowerCo's tenancy ratio over time (from c1.2-1.3x currently) so we see scope for TowerCo to maximise existing yield in order to set a benchmark for the revenue which can be generated from additional tenants.

Implied value for remaining operations compares favourably to global peers: The valuation implied for TLS' remaining operations compares favourably to global peers, particularly in the US, where the underlying infrastructure is owned by tower companies but telcos still trade on c7x EBITDA. With improving dynamics in the Australian mobile market, we see scope for TLS' service operations to re-rate to similar levels.

Target price unchanged at A$3.85/share: Our DCF-based target price of A$3.85/share is unchanged with further InfraCo disclosure likely to reinforce the value on offer. OUTPERFORM rating maintained.

Slowly refueling

Z Energy (ZEL.NZ)

Share Price 2.91 (NZD)
OUTPERFORM

Target Price (from 3.93) 3.81 (NZD)

Grant Swanepoel
Research Analyst
64 9 307 5706

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Provided by Jarden

Running ahead of guidance, reduced FY22 release

ZEL will report 1H21 earnings on the 4 November, we are forecasting EBITDA of NZ$104mn, above the top end of the company's guided NZ$85-100mn range. This upgrade on the back of a strong volume performance in 2Q and retail margins rebounding off price war levels. We have upgraded our FY21 EBITDA estimate to NZ$278mn, up from NZ$242mn. Due to a substantially slow down at Refining NZ (NZR.NZ) for CY21, we have reduced our FY22 EBITDA from NZ$348mn to NZ$320mn and reduced our target price from NZ$3.93 to NZ$3.81 and keep our Outperform rating.

ZEL is restricted from beginning dividends until FY22, we reduced our expected dividend for FY22 from NZ 29cps to NZ 25cps, this despite an improved core business volume growth expectation. Once the COVID impact passes, ZEL should return to a c.NZ 29cps dividend in FY23.

2Q volume and margin track well, cost out remains key

After a heavily COVID impacted 1Q where retail volumes collapsed 38% and despite a 3-week Auckland level 3 lockdown, 2Q rebounded sharply with volumes down just 2%. The higher margin commercial Truckstop and secondary distribution also recovering well, up 2% in 2Q vs down 16% in 1Q.

The South Island retail war dissipated into 2Q resulting in a lift in 91 petrol margins for the 2Q on the pcp. Retail petrol import margins have been more stable around the NZ23.5cpl, supporting a stable volume growth outlook. The healthy premium that both higher Octane petrol and Diesel achieved over 2Q21 supports an improving retail margin expectation.

Having reported a 1Q EBITDA of NZ$38mn, down NZ$57mn on the pcp, the cost out program had already delivered NZ$18mn of savings. We are anticipating a 2Q EBITDA of NZ$66mn, down NZ$15mn on the pcp, driven by further cost out (NZ$22mn reduction) being more than offset by the COVID disrupted refinery supply chain.

CREDIT SUISSE

Coles Group

Well set for a significant 1H21

COL.AX

Target price (12M, A$)
21.04

Outperform

Food Retail | Increase Target Price

- Strong sales momentum, lower-than-expected costs and improvements in gross margin set Coles up for a significant 1H21. Sales momentum was strong despite some NT headwinds (cessation of letterbox delivery of paper-based catalogues, Woolworths' collectibles campaign). COVID-19 specific costs were lower relative to expectations and Smarter Selling benefits were described as being on track. Gross margin appears likely to benefit from lower promotional intensity. Supermarket sales are likely to re-accelerate through November and December with more residents in the country and more in-home celebration relative to pcp. We increase our FY21 forecasts and raise target price to A$21.04/share (prev. A$20.16).
- Supermarket sales +9.7% YoY maintained momentum in the 1Q despite cessation of paper-based catalogue delivery and competition from Woolworths' collectibles campaign. Liquor sales +17.8% YoY in 1Q were likewise strong. We expect sales to re-accelerate from the October rate of 6% as the sector benefits from more residents in the country in the typically peak travel month of December (we estimate a +4% boost to resident population in December) and more at home celebration than would be typical in prior years. Commentary of supermarket promotions normalising (but not back to normal yet) is also consistent with supermarket gross margin increasing YoY in the 1H.
- COVID-19 specific costs were lower relative to expectations (A$65mn in 1Q21 versus A$100mn COVID-19 costs in 4Q20) and decelerated through the quarter (run rate A$15-20mn per month). Smarter Selling benefits (prev. guidance +A$250mn benefit in FY21) were described as being on track. Cost performance enabled Coles to reinvest some savings into service and online during the quarter.
- Coles Online sales revenue + 57.1%1Q21 and represented 6% of overall supermarket sales revenue. B2B sales fell and B2C sales increased 72.8%. Whilst there is investor debate about an 'optimal' online model, we continue to view locking in Ocado technology as a net positive and think hybrid central/store-based solutions are the most likely to meet differing online shopping requirements.

Previous target price (12M, A$)	20.16
Price (28 Oct,A$)	17.64
Market cap (A$mn)	23,530.5
Yr avg. mthly trading (A$mn)	1,571.5
Projected return:	
Capital gain (%)	19.3
Dividend yield (net %)	4.2
Total return (%)	23.4

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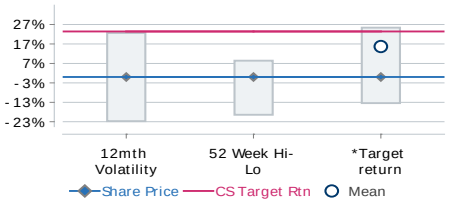
Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Revenue (A$ mn)	37,408	40,016	40,574	42,014
EBITDA (A$ mn)	3,257	3,700	3,654	3,764
EBIT (A$ mn)	1,762	2,168	2,083	2,144
Net Income (Adj.) (A$ mn)	935	1,209	1,150	1,185
EPS (Adj.) (Ac)	70.10	90.64	86.21	88.86
Change from previous EPS (%)	n.a.	6.1	0.7	0.7
EPS growth (%)	(5.7)	29.3	(4.9)	3.1
Consensus EPS (Ac)	70.10	74.70	79.40	85.40
P/E (x)	25.2	19.5	20.5	19.9
Dividends (Ac)	57.50	74.72	71.13	73.31
Dividend yield (%)	3.3	4.2	4.0	4.2
Price/Book (x)	9.0	7.9	7.5	7.0
Net debt/EBITDA (x)	2.9	2.5	2.6	2.6

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	2.56	-4.44	17.52
Relative (%)	0.900	-4.44	27.82

Coles Group (COL.AX / COL AU)

Analyst: **Grant Saligari**

Price (28 Oct 2020): **A$17.64** Target Price: **(from A$20.16) A$21.04**

Rating: **Outperform**

Income Statement	6/20A	6/21E	6/22E	6/23E
Revenue	**37,408**	**40,016**	**40,574**	**42,014**
EBITDA	**3,257**	**3,700**	**3,654**	**3,764**
Depr. & Amort.	(1,495)	(1,532)	(1,571)	(1,620)
EBIT	**1,762**	**2,168**	**2,083**	**2,144**
Associates	-	-	-	-
Net interest exp.	(443)	(441)	(441)	(451)
Other	0	0	0	0
Profit before tax	**1,319**	**1,727**	**1,643**	**1,693**
Income tax	(384)	(518)	(493)	(508)
Profit after tax	**935**	**1,209**	**1,150**	**1,185**
Minorities	-0	-0	-0	-0
Preferred dividends	-	-	-	-
Associates & Other	0	0	0	0
Normalised NPAT	**935**	**1,209**	**1,150**	**1,185**
Unusual item after tax	43	0	0	0
Net profit (Reported)	**978**	**1,209**	**1,150**	**1,185**

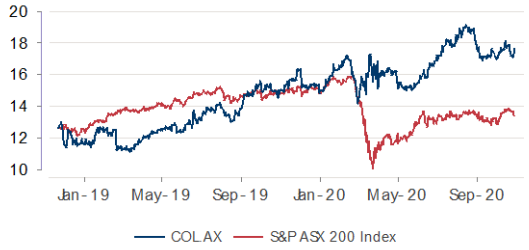
Balance Sheet	6/20A	6/21E	6/22E	6/23E
Cash & equivalents	992	853	972	1,090
Inventories	2,166	2,123	2,181	2,259
Receivables	434	451	464	480
Other current assets	187	187	187	187
Current assets	**3,779**	**3,614**	**3,804**	**4,016**
Property, plant & equip.	4,127	4,487	4,596	4,739
Intangibles	1,597	1,597	1,597	1,597
Other non-current assets	8,846	8,686	8,874	9,116
Non-current assets	**14,570**	**14,770**	**15,068**	**15,451**
Total assets	**18,349**	**18,384**	**18,872**	**19,467**
Payables	3,737	3,587	3,694	3,827
Interest bearing debt	10,437	10,277	10,465	10,707
Other liabilities	1,560	1,560	1,560	1,560
Total liabilities	**15,734**	**15,423**	**15,719**	**16,093**
Net assets	**2,615**	**2,961**	**3,152**	**3,374**
Ordinary equity	2,615	2,961	3,152	3,374
Minority interests	0	0	0	0
Preferred capital	-	-	-	-
Total shareholder funds	**2,615**	**2,961**	**3,152**	**3,374**
Net Debt	9,445	9,424	9,494	9,617

Cash Flow	6/20A	6/21E	6/22E	6/23E
EBIT	1,762	2,168	2,083	2,144
Net Interest	(30)	(41)	(41)	(42)
Depr & Amort	1,495	1,532	1,571	1,620
Tax Paid	(504)	(518)	(493)	(508)
Change in Working capital	82	(125)	37	39
Other cash and non-cash items	(253)	(400)	(399)	(409)
Operating cash flow	**2,552**	**2,617**	**2,757**	**2,844**
Capex	(833)	(1,050)	(816)	(871)
Capex - expansionary	*(151)*	*(360)*	*(109)*	*(142)*
Capex - Maintenance	*(682)*	*(690)*	*(707)*	*(729)*
Acquisitions & Invest	(36)	0	0	0
Asset sale proceeds	211	0	0	0
Other	-	-	-	-
Investing cash flow	**(658)**	**(1,050)**	**(816)**	**(871)**
Dividends paid	(873)	(863)	(958)	(964)
Equity raised	0	0	0	0
Net borrowings	(106)	0	0	0
Other financing cash in/(outflows)	(863)	(843)	(864)	(891)
Financing cash flow	**(1,842)**	**(1,706)**	**(1,822)**	**(1,854)**
Total cash flow	**52**	**(139)**	**119**	**118**
Adjustments	0	0	0	0
Movement in cash/equivalents	**52**	**(139)**	**119**	**118**

Source: Company data, Credit Suisse estimates

Earnings	6/20A	6/21E	6/22E	6/23E
Equiv. FPO (period avg) (mn)	1,334	1,334	1,334	1,334
EPS (CS adj.) (c)	70.1	90.6	86.2	88.9
EPS growth (%)	(5.7)	29.3	(4.9)	3.1
DPS (c)	57.5	74.7	71.1	73.3
Dividend Payout (%)	82.0	82.4	82.5	82.5
Free CFPS (c)	140.2	144.5	153.7	158.5
Valuation	**6/20A**	**6/21E**	**6/22E**	**6/23E**
P/E (CS) (x)	25.2	19.5	20.5	19.9
PEG (x)	(4.5)	0.7	(4.2)	6.5
EV/EBIT (x)	18.7	15.2	15.9	15.5
EV/EBITDA (x)	10.1	8.9	9.0	8.8
Dividend Yield (%)	3.3	4.2	4.0	4.2
FCF Yield (%)	7.9	8.2	8.7	9.0
Price to book (x)	9.0	7.9	7.5	7.0
Returns	**6/20A**	**6/21E**	**6/22E**	**6/23E**
Return on Equity (%)	35.8	40.8	36.5	35.1
Profit Margin (%)	2.5	3.0	2.8	2.8
Asset Turnover (x)	2.0	2.2	2.2	2.2
Equity Multiplier (x)	7.0	6.2	6.0	5.8
Return on Assets (%)	5.1	6.6	6.1	6.1
Return on Invested Cap. (%)	10.4	12.3	11.5	11.6
Gearing	**6/20A**	**6/21E**	**6/22E**	**6/23E**
ND/ND+E (%)	78.3	76.1	75.1	74.0
Net Debt to EBITDA (x)	2.9	2.5	2.6	2.6
Int Cover (EBITDA) (x)	7.4	8.4	8.3	8.3
Int Cover (EBIT) (x)	4.0	4.9	4.7	4.8
Capex to Sales (%)	2.2	2.6	2.0	2.1
Capex to Depr (%)	61.9	76.1	57.7	59.8

Share price performance



On 28-Oct-2020 the S&P ASX 200 Index closed at 6051.0
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

Earnings changes

Figure 1: Earnings changes (A$mn unless otherwise stated)

	2021F			2022F			2023F		
	Forecast	Previous	Change	New	Previous	Change	New	Previous	Change
LFL growth- supermarkets	6.4%	7.0%	-0.6ppt	1.1%	0.5%	0.6ppt	3.0%	3.0%	0.0ppt
LFL growth- liquor	9.3%	7.5%	1.8ppt	-2.9%	-1.5%	-1.4ppt	3.0%	3.0%	0.0ppt
LFL growth- convenience store	5.5%	3.3%	2.2ppt	1.3%	3.3%	-2.0ppt	2.5%	2.5%	0.0ppt
LFL growth- fuel volume	0.3%	1.6%	-1.3ppt	20.0%	20.0%	0.0ppt	3.8%	3.8%	0.0ppt
Coles supermarkets	35,230	35,392	0%	35,884	35,765	0%	37,183	37,060	0%
Coles liquor	3,587	3,538	1%	3,472	3,480	0%	3,576	3,584	0%
Coles convenience	1,199	1,164	3%	1,219	1,207	1%	1,255	1,243	1%
Group Sales	40,016	40,094	0%	40,574	40,452	0%	42,014	41,887	0%
Coles supermarkets	2,001	1,905	5%	1,898	1,884	1%	1,943	1,928	1%
Coles liquor	178	175	2%	161	163	-1%	171	173	-1%
Coles convenience	35	34	4%	71	71	0%	76	76	0%
Other (includes corporate)	-46	-46	0%	-46	-46	0%	-46	-46	0%
Group EBIT	2,168	2,068	5%	2,083	2,072	1%	2,144	2,132	1%
Group NPAT	1,209	1,139	6%	1,150	1,142	1%	1,185	1,177	1%

Source: Company data, Credit Suisse estimates

Figure 2: LFL sales forecasts

	2020Q1A	2020Q2A	2020Q3A	2020Q4A	2021Q1A	2021Q2F	2021Q3F	2021Q4F
LFL growth- supermarkets	0.1%	3.6%	13.1%	6.9%	9.7%	8.1%	2.3%	5.1%
LFL growth- liquor	0.7%	2.1%	7.2%	19.6%	17.8%	17.5%	5.8%	-7.7%
LFL growth- convenience store	0.4%	5.1%	4.3%	8.3%	10.2%	5.0%	5.0%	1.8%

Source: Company data, Credit Suisse estimates

CREDIT SUISSE

Galaxy Resources

SepQ a pass. Positioned for market improvement

Non Ferrous Metals | Increase Target Price

GXY.AX

Target price (12M, A$)
1.30

Neutral[V]

- **SepQ summary.** 30kt Li_2O produced, ~flat on SepQ for YTD 75kt, 77% of mid-FY21F 90-105kt. Cash cost US$406/t (YTD US$444/t). Royalties/marketing at 5% revenues plus capex adds ~US$50/t to get to an all-in cost ~US$455/t vs a sales price < US$400/t. Concentrate grade produced 5.9% remains marginally below, but is thereabouts, to 6% benchmark (YTD 5.95%). SepQ grade sold a lower 5.6% (YTD 5.8%) as lower grade stockpile is still clearing. No issues reported in concentrate saleability but will be incurring a small grade adjusted discount to benchmark perhaps US$15-20/t. SepQ shipments 16.8kt (YTD 75kt). Closing inventory 62kt. Capex US$5mn. Cash & financial assets US$105mn.
- **Outlook.** DecQ prodn guide 25-30kt with a minimum of two shipment sales (~30kt).15.7kt shipped at the start of October, with a similar size due imminently. Spot sales are being pursued to add perhaps another two shipments for an aspirational, but not budgeted, ~60kt total DecQ sales. If achieved, that would be a considerable positive in our view, demonstrating genuine demand growth returning to the market noting the last time sales of that magnitude were achieved by GXY was back in DecQ17. Management reports an increase in sales queries from its customer base, part driven by product uncertainty with respect to Altura's administration, potentially creating a short-term sale opportunity. No price guidance but external pricing agencies suggest a stabilisation at current low levels. DecQ capex US$5-7mn.
- **Investment view.** Target Price increased to A$1.30/sh (from A$0.84) reflecting increased attribution of our SdV NPV to 75% (prior 50%) in our group value. This reflects advancement in test work demonstrating higher grade technical carbonate 99.4-99.6% production, above prior primary grade specification. We view this as a positive, and partial de-risking. We caution, however, that final plant design (stage 1), capex/opex, as well as a subsequent process route to battery processing, remain subject to ongoing studies and test work. Feasibility due CY21 on stage 1 ahead of FID will provide a better basis for project modelling and valuation. We expect any evident demand growth (sales) across the sector including GXY's DecQ to be share price supportive, but view the greater value opportunity a crystallisation in SdV value via sell down/sale which requires a marked improvement in the macro not yet evident. Neutral.

Previous target price (12M, A$)	0.84
Price (28 Oct,A$)	1.34
Market cap (A$mn)	548.7
Yr avg. mthly trading (A$mn)	82.8
Projected return:	
Capital gain (%)	-3.0
Dividend yield (net %)	0.0
Total return (%)	-3.0

[V] = Stock Considered Volatile (see Disclosure Appendix)

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Financial and valuation metrics

Year	12/19A	12/20E	12/21E	12/22E
Revenue (US$ mn)	70	48	94	120
EBITDA (US$ mn)	7	(4)	17	33
EBIT (US$ mn)	(28)	(13)	(5)	9
Net Income (Adj.) (US$ mn)	(38)	(4)	(7)	(10)
EPS (Adj.) (USc)	(9.27)	(0.94)	(1.79)	(2.36)
Change from previous EPS (%)	n.a.	n.m	n.m	n.m
EPS growth (%)	n.m	n.m	n.m	n.m
Consensus EPS (USc)	(9.30)	(3.40)	(2.90)	(1.30)
P/E (x)	(10.3)	(102.3)	(53.5)	(40.5)
Dividends (USc)	0.00	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/Book (x)	1.6	1.9	2.0	2.1
Net debt/EBITDA (x)	(11.2)	18.2	1.1	7.9

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective

Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	20.18	24.07	52.27
Relative (%)	18.41	23.97	62.47

Galaxy Resources (GXY.AX / GXY AU)

Analyst: **Nick Herbert**

Price (28 Oct 2020): **A$1.34** Target Price: **(from A$0.84) A$1.3** Rating: **Neutral [V]**

Income Statement	12/19A	12/20E	12/21E	12/22E
Revenue	**70**	**48**	**94**	**120**
EBITDA	**7**	**(4)**	**17**	**33**
Depr. & Amort.	(35)	(9)	(23)	(25)
EBIT	**(28)**	**(13)**	**(5)**	**9**
Associates	-	-	-	-
Net interest exp.	9	6	(5)	(23)
Other	0	0	0	0
Profit before tax	**(19)**	**(7)**	**(10)**	**(14)**
Income tax	(19)	3	3	4
Profit after tax	**(38)**	**(4)**	**(7)**	**(10)**
Minorities	-0	-0	-0	-0
Preferred dividends	-	-	-	-
Associates & Other	0	0	0	0
Normalised NPAT	**(38)**	**(4)**	**(7)**	**(10)**
Unusual item after tax	(246)	(25)	0	0
Net profit (Reported)	**(284)**	**(29)**	**(7)**	**(10)**

Balance Sheet	12/19A	12/20E	12/21E	12/22E
Cash & equivalents	101	87	252	308
Inventories	28	10	12	14
Receivables	11	13	15	17
Other current assets	38	1	3	3
Current assets	**178**	**113**	**281**	**342**
Property, plant & equip.	34	37	102	323
Intangibles	0	0	0	0
Other non-current assets	104	112	120	132
Non-current assets	**138**	**149**	**223**	**455**
Total assets	**316**	**261**	**504**	**797**
Payables	25	20	20	23
Interest bearing debt	25	22	272	572
Other liabilities	26	11	11	11
Total liabilities	**75**	**53**	**303**	**606**
Net assets	**241**	**208**	**201**	**191**
Ordinary equity	241	208	201	191
Minority interests	0	0	0	0
Preferred capital	-	-	-	-
Total shareholder funds	**241**	**208**	**201**	**191**
Net Debt	(76)	(66)	20	264

Cash Flow	12/19A	12/20E	12/21E	12/22E
EBIT	(28)	(13)	(5)	9
Net Interest	9	8	(7)	(23)
Depr & Amort	35	9	23	25
Tax Paid	(62)	(7)	5	3
Change in Working capital	247	10	(3)	(2)
Other cash and non-cash items	(289)	(13)	(0)	(0)
Operating cash flow	**(88)**	**(6)**	**13**	**11**
Capex	(13)	(22)	(88)	(245)
Capex - expansionary	*(7)*	*(20)*	*(85)*	*(241)*
Capex - Maintenance	*(6)*	*(3)*	*(3)*	*(5)*
Acquisitions & Invest	(86)	(13)	(10)	(10)
Asset sale proceeds	272	0	0	0
Other	-	-	-	-
Investing cash flow	**174**	**(3)**	**(98)**	**(255)**
Dividends paid	0	0	0	0
Equity raised	0	0	0	0
Net borrowings	(8)	(4)	250	300
Other financing cash in/(outflows)	(0)	(0)	0	0
Financing cash flow	**(8)**	**(4)**	**250**	**300**
Total cash flow	**78**	**(12)**	**165**	**56**
Adjustments	(2)	(1)	0	0
Movement in cash/equivalents	**76**	**(13)**	**165**	**56**

Earnings	12/19A	12/20E	12/21E	12/22E
Equiv. FPO (period avg) (mn)	409	409	409	409
EPS (CS adj.) (c)	(9.3)	(0.9)	(1.8)	(2.4)
EPS growth (%)	(1209.5)	89.9	(91.2)	(32.1)
DPS (c)	0.0	0.0	0.0	0.0
Dividend Payout (%)	-0.0	-0.0	-0.0	-0.0
Free CFPS (c)	(23.1)	(2.0)	2.5	1.6
Valuation	**12/19A**	**12/20E**	**12/21E**	**12/22E**
P/E (CS) (x)	(10.3)	(102.3)	(53.5)	(40.5)
PEG (x)	0.0	(1.1)	0.6	1.3
EV/EBIT (x)	(11.1)	(25.2)	(77.0)	75.4
EV/EBITDA (x)	46.3	(90.5)	23.9	19.7
Dividend Yield (%)	0.0	0.0	0.0	0.0
FCF Yield (%)	(24.1)	(2.1)	2.6	1.7
Price to book (x)	1.6	1.9	2.0	2.1
Returns	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Return on Equity (%)	(15.7)	(1.8)	(3.6)	(5.1)
Profit Margin (%)	(54.5)	(8.0)	(7.8)	(8.1)
Asset Turnover (x)	0.2	0.2	0.2	0.2
Equity Multiplier (x)	1.3	1.3	2.5	4.2
Return on Assets (%)	(12.0)	(1.5)	(1.5)	(1.2)
Return on Invested Cap. (%)	(34.4)	(5.1)	(1.7)	1.3
Gearing	**12/19A**	**12/20E**	**12/21E**	**12/22E**
ND/ND+E (%)	Net Cash	Net Cash	8.9	58.0
Net Debt to EBITDA (x)	Net Cash	18.2	1.1	7.9
Int Cover (EBITDA) (x)	na	0.6	3.4	1.5
Int Cover (EBIT) (x)	3.0	2.1	na	0.4
Capex to Sales (%)	18.2	46.6	93.7	204.2
Capex to Depr (%)	35.9	239.4	389.4	999.4

Share price performance

On 28-Oct-2020 the S&P ASX 200 Index closed at 6057.7
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

Source: Company data, Credit Suisse estimates

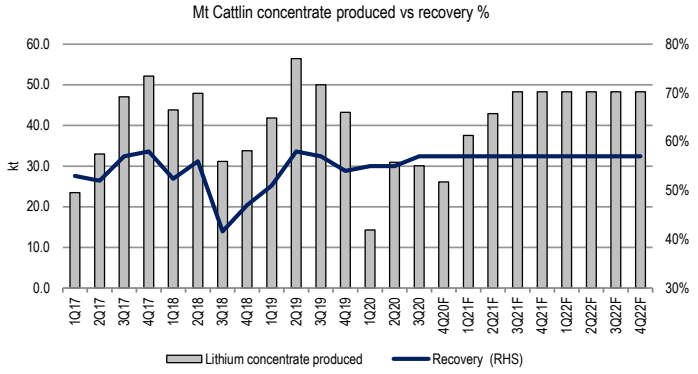
Key operating metrics and outlook

Figure 1: Mt Cattlin key operating metrics and outlook

		FY17	FY18	FY19	*MarQ20*	*JunQ20*	*SepQ20*	*DecQ20F*	FY20F	FY21F	FY22F
Ore mined	kt	1,322	1,778	1,790	*29*	*124*	*87*	*150*	390	1,650	1,800
Ore processed	kt	1,371	1,704	1,695	*154*	*325*	*292*	*250*	1,021	1,650	1,800
Grade processed	%	1.20%	1.08%	1.23%	*1.03%*	*1.04%*	*1.09%*	*1.12%*	1.07%	1.15%	1.15%
Recovery rate	%	56%	50%	55%	*55%*	*55%*	*57%*	*57%*	56%	57%	57%
Concentrate produced	kt	155.7	156.7	191.6	*14.3*	*30.9*	*30.1*	*26.1*	101.4	177.0	193.1
LCE. equivalent production	kt	22.2	22.3	28.0	*2.1*	*4.5*	*4.4*	*3.9*	15.0	28.7	28.7
Concentrate sold	kt	153.5	159.3	132.7	*32.5*	*26.0*	*16.8*	*45.0*	120.3	202.0	193.1
Grade concentrate sold	%	5.69%	5.76%	5.89%	*5.90%*	*5.90%*	*5.60%*	*6.00%*	5.90%	6.00%	6.00%

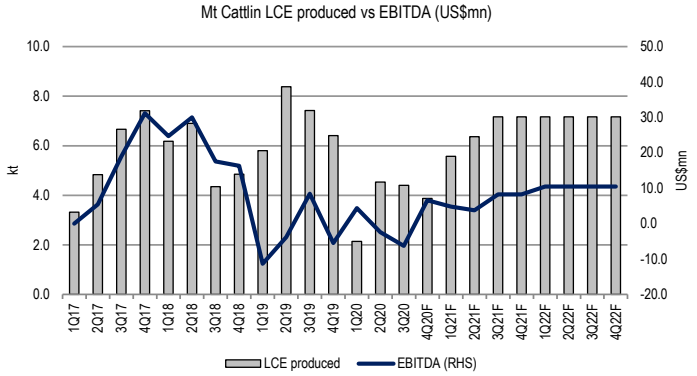
Source: Company data, Credit Suisse estimates

Figure 2: Mt Cattlin con. Production vs recovery



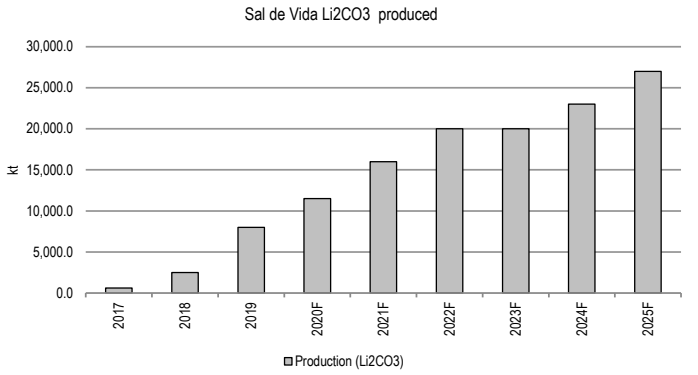
Source: Company data, Credit Suisse estimates

Figure 3: Mt Cattlin LCE vs EBITDA



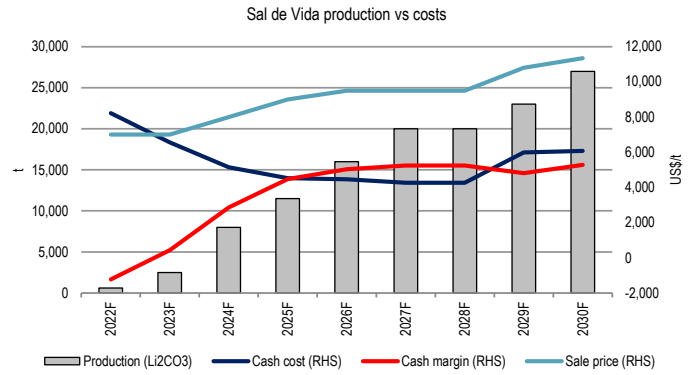
Source: Company data, Credit Suisse estimates

Figure 4: Sal de Vida production



Source: Company data, Credit Suisse estimates

Figure 5: Sal de Vida costs, sales and margin



Source: Company data, Credit Suisse estimates

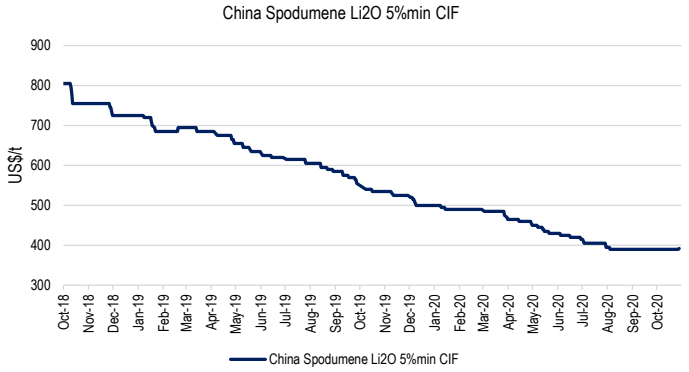
Lithium price forecasts

Figure 6: Lithium price deck applied in our modelling

		CY17A	CY18A	CY19A	1Q20	2Q20	3Q20F	4Q20F	CY20F	CY21F	CY22F	CY23F	LT vs CY19
Spod. concentrate (Li2O) 6.0%	US$/t	744	924	537	440	441	395	400	419	463	600	600	650
YoY change	*%*	*-*	*24%*	*-42%*					*-22%*	*10%*	*30%*	*0%*	*21%*
Li. Carbonate (Li2CO3) >99.5%	US$/t	13,000	14,753	9,777	6,600	5,615	5,771	5,800	5,947	8,000	9,000	9,000	11,500
YoY change	*%*	*-*	*13%*	*-34%*					*-39%*	*35%*	*13%*	*0%*	*18%*

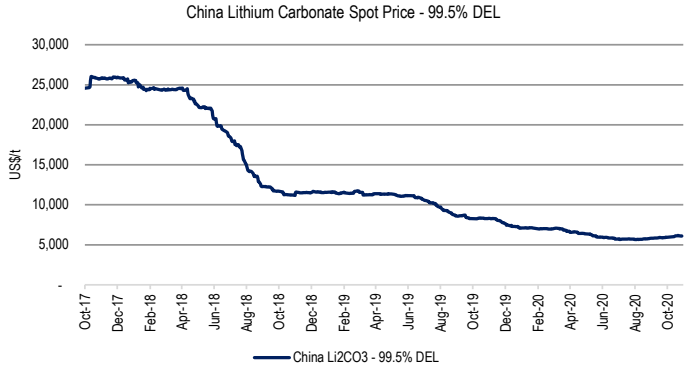
Source: Company data, Credit Suisse estimates

Figure 7: China Spodumene; Spot US$392/t



Source: Company data, Credit Suisse estimates

Figure 8: China Lithium Carbonate; Spot battery grade US$6,107/t



Source: Company data, Credit Suisse estimates

Valuation

Figure 9: Valuation – base case

Operational	US$mn	DCF A$mn	A$/sh	Risk Weighting	Attributable NPV A$mn	A$/sh
Mt Cattlin	161	215	0.53	100%	215	0.53
Sal de Vida	530	707	1.73	75%	530	1.29
James Bay	158	211	0.52	25%	53	0.13
Sub-Total	**850**	**1,133**	**2.77**		**798**	**1.95**
Non-Operational	US$m	DCF A$mn	A$/sh	Risk Weighting	Attributable NPV A$mn	A$/sh
Net cash/(debt) 30 Jun	84	112	0.27	100%	112	0.27
Corporate	-59	-79	-0.19	100%	-79	-0.19
Equity interests	14	19	0.05	100%	19	0.05
Sub-Total	**39**	**52**	**0.13**	**100%**	**52**	**0.13**
Sub-total NPV (pre options)	**889**	**1,185**	**2.89**		**850**	**2.08**
Options out of the money (13.8mn @ $2.81)						
Net Present Value (post options)	**889**	**1,185**	**2.89**		**850**	**2.08**
P/NAV multiple					1.0x	2.08
EV/EBITDA (FY21F)					5.0x	0.53
Valuation					**533**	**1.30**

Source: Company data, Credit Suisse estimates

- Target Price $1.30/sh, rating NEUTRAL.

CREDIT SUISSE

HUB24

Strategic accretive acquisition that will entrench HUB as an industry leader; Upside risk to flows but rate cut could be a headwind

Asset Managers | Company Update

HUB.AX

Target price (12M, A$)
21.50

Neutral[V]

HUB announced a series of acquisitions (Xplore Wealth, PARS and a ~40% stake in Easton) for total consideration of ~A$90mn alongside a ~A$60mn equity raising. HUB will also sell Paragem to Easton for scrip. Combined the acquisitions / raising are financially accretive (13% in FY22E rising to almost 20% in outer years as synergies flow through), however, they also bring new revenue opportunities (eg broadening into non-custody assets) and upside risk to our flow forecasts (eg new client relationships through Xplore, deeper strategic relationship with Easton). The acquisition entrenches HUB's offering as one of the leading and most holistic in the market thereby supporting continued inflows. We upgrade our FY21/22/23 EPS forecasts by 1%/11%/15% and increase our target price to A$21.50 (from A$18.70). We upgraded our rating to NEUTRAL (from Underperform) with HUB continuing to capitalize on the opportunity in the wealth market and delivering strong earnings growth. While a cut to cash rates still poses downside risk to our forecast, there is also upside risk on flows following the recent acquisition.

- **Xplore.** The acquisition brings scale, new functionality and a non-custody business. While there are sizeable cost synergies and strategic merits to the acquisition it has the added benefit of avoiding additional development costs if HUB were to build some of the acquired functionality itself. Given low revenue margins (eg 2-3bp) we view the non-custody business as only a modest revenue opportunity but see it as a key part of a holistic offering and a competitive advantage which will assist building deeper and broader relationships with advice groups. While the integration of the non-custody business should be straightforward (more of a data tool) we carry some concern around the process required to migrate custody clients (eg does it require client consent or a success funds transfer) and whether it could carry some attrition risk. While a high headline acquisition multiple (~21x EBITDA) it is more attractive when including synergies (~5x) or on a revenue basis (~2.6x).
- **PARS.** A small (A$10mn) bolt on acquisition which strengthens HUB's relationship with a key client and adds scale to its non-custody business.
- **Easton.** A potentially larger than needed 40% investment in Easton (one of HUB's largest users), however, we appreciate this acquisition was highly accretive (9%) given HUB raised at ~125x historical earnings and paid ~7x underlying historical EPS for its stake. It is also pleasing to see any the risk from advice ring-fenced in a separate investment.

Previous Rating	Underperform
Previous target price (12M, A$)	18.70
Price (27 Oct,A$)	20.97
Market cap (A$mn)	1,324.1
Yr avg. mthly trading (A$mn)	95.9
Projected return:	
Capital gain (%)	2.5
Dividend yield (net %)	0.6
Total return (%)	3.1

[V] = Stock Considered Volatile (see Disclosure Appendix)

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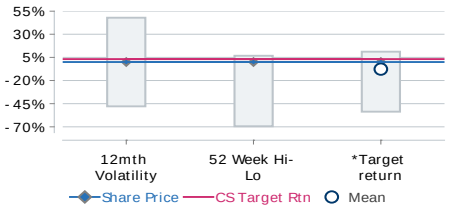
Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Revenue (A$ mn)	110	126	146	169
EBITDA (A$ mn)	20	30	46	61
EBIT (A$ mn)	14	24	40	54
Net Income (Adj.) (A$ mn)	10	17	28	38
EPS (Adj.) (A$)	0.16	0.25	0.40	0.53
Change from previous EPS (%)	n.a.	1.4	10.9	15.1
EPS growth (%)	47.8	58.6	60.3	32.6
P/E (x)	132.5	83.5	52.1	39.3
Dividend (A$)	0.07	0.11	0.17	0.27
Dividend yield (%)	0.3	0.5	0.8	1.3
Price/Book (x)	17.6	7.3	6.2	5.2
Net debt/equity (%)	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	19.83	54.99	68.98
Relative (%)	18.39	54.25	79.21

Figure 1: HUB Financial Summary

HUB24 Limited **HUB.AX** **Rating: NEUTRAL** **Target price: $21.50**

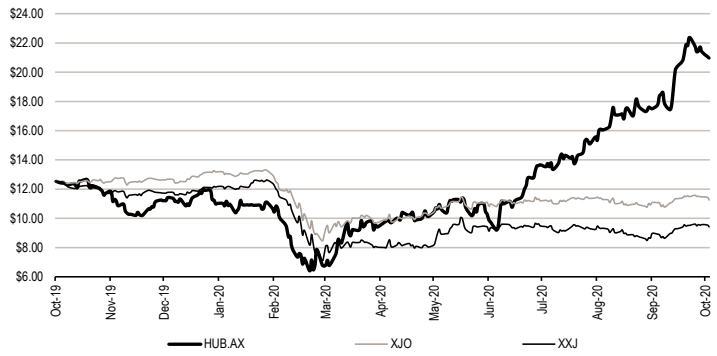
In AUDmn, unless otherwise stated				Year ending 30 June	
Group Profit and loss (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Platform revenue	54.1	74.3	90.4	112.1	133.1
Xplore & PARS revenue	0.0	0.0	6.3	25.2	26.1
Licensing revenue	35.2	29.6	23.1	2.0	2.0
IT Services revenue	7.0	6.4	6.7	7.0	7.3
Total Revenue	**96.3**	**110.2**	**126.4**	**146.3**	**168.5**
Interest revenue	0.6	0.6	0.8	0.8	0.9
Direct expenses	(50.8)	(49.9)	(48.6)	(37.9)	(42.6)
Gross profit	**46.1**	**60.9**	**78.6**	**109.2**	**126.8**
Operating expenses	(30.7)	(36.2)	(44.8)	(58.3)	(61.2)
Underlying EBITDA	**15.4**	**24.7**	**33.9**	**50.9**	**65.6**
Depreciation and amortisation	(2.6)	(5.3)	(5.9)	(6.3)	(6.7)
Share based payment expense	(2.1)	(4.4)	(3.5)	(3.8)	(4.2)
Payroll-tax emplyee options	0.0	0.0	0.0	0.0	0.0
Non-recurring revenue	0.1	0.1	0.1	0.1	0.1
Interest expense	0.0	(0.2)	(0.2)	(0.2)	(0.2)
Other interest expense	(0.4)	(0.1)	(0.2)	(0.5)	(0.5)
Underlying profit before tax	**10.5**	**14.7**	**24.1**	**40.3**	**54.2**
Tax	(3.7)	(4.6)	(7.2)	(12.1)	(16.3)
Underlying NPAT	**6.8**	**10.1**	**16.9**	**28.2**	**37.9**
Significant items after tax	0.4	(1.9)	(2.1)	(1.5)	(1.5)
Statutory NPAT	**7.2**	**8.2**	**14.8**	**26.7**	**36.5**

Key Metrics	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Key metrics:					
Gross margin	47.9%	55.3%	62.2%	74.7%	75.2%
Underlying EBITDA margin	16.0%	22.4%	26.8%	34.8%	38.9%
Tax Rate	35.2%	31.2%	30.0%	30.0%	30.0%
Earnings momentum:					
Revenue growth	15%	14%	15%	16%	15%
Direct expense growth	2%	(2%)	(3%)	(22%)	12%
Gross profit growth	33%	32%	29%	39%	16%
Operating expense growth	35%	18%	24%	30%	5%
Underlying EBITDA growth	30%	60%	37%	50%	29%
Pre-tax profit growth	34%	41%	64%	67%	34%
Underlying NPAT growth	27%	49%	67%	67%	34%

Balance Sheet	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Cash and cash equivalents	18.5	33.8	49.9	68.7	94.1
Receivables	7.6	10.0	10.0	10.0	10.0
Office equipment	2.0	1.7	1.7	1.7	1.7
Deferred tax assets	9.7	5.1	0.0	0.0	0.0
Intangible assets	37.1	40.0	41.0	41.8	41.1
Other assets	2.8	7.2	130.2	153.4	179.1
Total Assets	**77.5**	**97.8**	**232.9**	**275.6**	**326.1**
Trade and other payables	3.4	5.4	6.5	7.9	9.5
Provisions	6.1	9.3	10.1	11.0	12.0
Debt	0.0	0.0	12.5	12.5	12.5
Other Liabilities	3.2	8.3	21.0	21.2	21.4
Total Liabilities	**12.6**	**23.0**	**37.6**	**40.0**	**42.9**
Issued Capital	98.2	100.1	210.7	234.0	259.6
Equity reserves	(38.5)	(34.1)	(24.3)	(7.2)	14.8
Retained profits / (accumulated losses)	5.3	8.8	8.8	8.8	8.8
Minority interests	0.0	0.0	0.0	0.0	0.0
Total Equity	**64.9**	**74.8**	**195.3**	**235.6**	**283.2**

Cash Flow	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Operating Cash Flows	11.6	25.3	28.6	36.0	46.4
Investing Cash Flows	(7.8)	(7.7)	(67.5)	(7.5)	(6.5)
Financing Cash Flows	(2.3)	(2.2)	55.0	(9.7)	(14.4)
Net Change in Cash	**1.5**	**15.3**	**16.1**	**18.8**	**25.5**

Share Price Performance **52wk range: 6.40-22.38**



Source: Reuters Share price as of 28-Oct-20, 19:06

ASX code:	**HUB.AX**	**Share price:**	**$20.97**
No. of shares (m)	63.1	Rating	NEUTRAL
Market cap (A$m)	1,324	Target price	$21.50
Weighting - ASX200	0.06%	TSR	3.1%
Weighting - diversified financials	1.29%	12 month fwd PE	69.7x

Valuation ratios:	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Basic Underlying EPS (cps)	10.9	16.2	25.6	41.0	54.4
Diluted Underlying EPS (cps)	10.7	15.8	25.1	40.2	53.3
Diluted Underlying EPS Growth	24%	48%	59%	60%	33%
P/E	**195.9x**	**132.5x**	**83.5x**	**52.1x**	**39.3x**
Ordinary DPS (cps)	4.6	7.0	10.7	17.2	26.9
Payout ratio (% Underlying EPS)	43%	44%	43%	43%	50%
Net Dividend yield	0.2%	0.3%	0.5%	0.8%	1.3%
Franking level	0%	50%	100%	100%	100%
Gross Dividend Yield	0.2%	0.4%	0.7%	1.2%	1.8%
Closing ordinary shares on issue (mn)	62.3	62.8	68.2	69.2	70.2
Avg Basic Shares (mn)	62.1	62.7	65.9	68.7	69.7
Avg Diluted Shares (mn)	63.4	64.0	67.3	70.1	71.1
Book Value per share ($)	1.0	1.2	2.9	3.4	4.0
Underlying ROE	10.7%	15.8%	25.1%	40.2%	53.3%
P/BV	20.1x	17.6x	7.3x	6.2x	5.2x

Divisional EBITDA (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Platform	18.0	28.7	36.2	48.2	59.2
Xplore & PARS	0.0	0.0	0.7	3.9	7.7
Licensee	(0.2)	(0.5)	0.0	2.0	2.0
IT Services	(0.5)	(0.9)	(0.3)	(0.3)	(0.3)
Corporate	(1.8)	(2.6)	(2.7)	(2.9)	(3.1)
Underlying EBITDA	**15.4**	**24.7**	**33.9**	**50.9**	**65.6**

Platform P&L (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Revenue	54.1	74.3	90.4	112.1	133.1
Direct costs	(13.7)	(18.6)	(21.7)	(26.5)	(30.8)
Gross Profit	**40.4**	**55.7**	**68.7**	**85.6**	**102.3**
Operating expenses	(22.3)	(27.0)	(32.5)	(37.4)	(43.1)
Underlying EBITDA	**18.0**	**28.7**	**36.2**	**48.2**	**59.2**
FuA ($mn):					
Opening FuA	8,341	12,870	17,217	25,243	32,613
Net Flows	3,890	4,949	6,712	5,750	5,750
Market Movements	639	(602)	1,314	1,620	2,069
Total FuA	**12,870**	**17,217**	**25,243**	**32,613**	**40,432**
Average FuA	10,320	15,430	20,952	28,840	36,432
Net Flows % Opening FuA	47%	38%	39%	23%	18%
Market Movements % Opening FuA	8%	(5%)	8%	6%	6%
FuA Growth	54%	34%	47%	29%	24%
Average FuA Growth	49%	50%	36%	38%	26%
Key metrics:					
Revenue margin	0.524%	0.481%	0.432%	0.389%	0.365%
Gross margin	74.7%	75.0%	76.0%	76.4%	76.9%
Gross margin % avg FuA	0.391%	0.361%	0.328%	0.297%	0.281%
Underlying EBITDA margin	33.3%	38.6%	40.0%	43.0%	44.5%
Underlying EBITDA % avg FuA	0.174%	0.186%	0.173%	0.167%	0.163%
Earnings momentum:					
Revenue growth	36%	37%	22%	24%	19%
Direct expense growth	21%	36%	17%	22%	16%
Gross profit growth	42%	38%	23%	25%	19%
Operating expense growth	35%	21%	21%	15%	15%
Underlying EBITDA growth	52%	59%	26%	33%	23%

Xplore & PARS P&L (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Revenue	0.0	0.0	6.3	25.2	26.1
Operating expenses	0.0	0.0	(5.5)	(21.3)	(18.4)
Underlying EBITDA	**0.0**	**0.0**	**0.7**	**3.9**	**7.7**
FuA	0	0	23,100	24,269	25,747
Revenue margin	0.000%	0.000%	0.108%	0.107%	0.104%
EBITDA Margin			11.2%	15.6%	29.5%

Licensee P&L (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Revenue	35.2	29.6	23.1	2.0	2.0
Operating expenses	(35.5)	(30.1)	(23.1)	0.0	0.0
Underlying EBITDA	**(0.2)**	**(0.5)**	**0.0**	**2.0**	**2.0**
EBITDA Margin	(0.7%)	(1.8%)	0.1%	100.0%	100.0%

IT Services P&L (A$mn)	**FY19A**	**FY20A**	**FY21F**	**FY22F**	**FY23F**
Revenue	7.0	6.4	6.7	7.0	7.3
Operating expenses	(7.5)	(7.2)	(7.0)	(7.3)	(7.6)
Underlying EBITDA	**(0.5)**	**(0.9)**	**(0.3)**	**(0.3)**	**(0.3)**
EBITDA Margin	(7.8%)	(13.9%)	(5.2%)	(4.8%)	(4.0%)

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Source: Company data, Credit Suisse estimates

Earnings Changes

We have upgraded our EPS for the announced acquisitions, synergies, divestment of Paragem and equity raising. We include Xplore & PARS in a separate division (along with synergies) and adjust the Licensee division for the sale of Paragem but also add in the expected equity account profit from Easton. At this stage we have not accounted for much in the way of upside from new revenue opportunities or flows following the acquisitions.

Figure 2: HUB Earnings Changes

	FY21F			FY22F			FY23F		
A$mn	**Old**	**New**	**Change**	**Old**	**New**	**Change**	**Old**	**New**	**Change**
Platform revenues	90.4	90.4	0%	112.1	112.1	0%	133.1	133.1	0%
Xplore & PARS revenues		6.3			25.2			26.1	
Licensee revenues	30.1	23.1	(23%)	30.4	2.0	(93%)	30.7	2.0	(93%)
IT Services revenues	6.7	6.7	0%	7.0	7.0	0%	7.3	7.3	0%
Total revenue	**127.2**	**126.4**	**(1%)**	**149.5**	**146.3**	**(2%)**	**171.1**	**168.5**	**(2%)**
Interest revenue	0.8	0.8		0.8	0.8		0.9	0.9	
Direct costs	(53.8)	(48.6)	(10%)	(59.0)	(37.9)	(36%)	(63.7)	(42.6)	(33%)
Gross profit	**74.2**	**78.6**	**6%**	**91.3**	**109.2**	**20%**	**108.3**	**126.8**	**17%**
Operating expenses	(41.7)	(44.8)	7%	(47.0)	(58.3)	24%	(53.0)	(61.2)	15%
Underlying EBITDA	**32.5**	**33.9**	**4%**	**44.3**	**50.9**	**15%**	**55.2**	**65.6**	**19%**
Non-recurring revenue	0.1	0.1		0.1	0.1		0.1	0.1	
Share based payment expense	(3.5)	(3.5)	0%	(3.8)	(3.8)	0%	(4.2)	(4.2)	0%
Interest expense	(0.2)	(0.2)		(0.2)	(0.2)		(0.2)	(0.2)	
Other interest expense	(0.1)	(0.2)	90%	(0.1)	(0.5)	294%	(0.1)	(0.5)	294%
Depreciation and amortisation	(5.9)	(5.9)	0%	(6.3)	(6.3)	0%	(6.7)	(6.7)	0%
Underlying profit before tax	**22.9**	**24.1**	**5%**	**34.1**	**40.3**	**18%**	**44.2**	**54.2**	**23%**
Tax	(6.9)	(7.2)	5%	(10.2)	(12.1)	18%	(13.3)	(16.3)	23%
Underlying NPAT	**16.0**	**16.9**	**5%**	**23.8**	**28.2**	**18%**	**30.9**	**37.9**	**23%**
Significant items after tax	0.0	(2.1)		0.0	(1.5)		0.0	(1.5)	
Statutory NPAT	**16.0**	**14.8**	**(7%)**	**23.8**	**26.7**	**12%**	**30.9**	**36.5**	**18%**
Avg Diluted Shares (mn)	64.7	67.3	4%	65.7	70.1	7%	66.7	71.1	7%
Underlying Diluted EPS (cps)	24.8	25.1	1%	36.3	40.2	11%	46.4	53.3	15%
DPS (cps)	10.6	10.7		15.5	17.2		23.3	26.9	
Payout Ratio	43%	43%		43%	43%		50%	50%	
Franking	100%	100%		100%	100%		100%	100%	
Divisional EBITDA:									
Platform	36.2	36.2	0%	48.2	48.2	0%	59.2	59.2	0%
Xplore & PARS		0.7			3.9			7.7	
Licensee	(0.6)	0.0	(102%)	(0.6)	2.0	(417%)	(0.6)	2.0	(429%)
IT Services	(0.3)	(0.3)	0%	(0.3)	(0.3)	0%	(0.3)	(0.3)	0%
Corporate	(2.7)	(2.7)	0%	(2.9)	(2.9)	0%	(3.1)	(3.1)	0%
Underlying EBITDA	**32.5**	**33.9**	**4%**	**44.3**	**50.9**	**15%**	**55.2**	**65.6**	**19%**
Key Platform Metrics:									
Platform Revenue Margin (% Avg FuA)	0.432%	0.432%	0.000%	0.389%	0.389%	0.000%	0.365%	0.365%	0.000%
Platform Underlying EBITDA Margin	40.0%	40.0%	0.0%	43.0%	43.0%	0.0%	44.5%	44.5%	0.0%
FuA	25,243	25,243	0%	32,613	32,613	0%	40,432	40,432	0%
Net Flows (FuA)	6,712	6,712	0%	5,750	5,750	0%	5,750	5,750	0%

Source: Company data, Credit Suisse estimates

Raising capital to fund acquisitions and investments

HUB announced a number of acquisitions (Xplore Wealth, Ord Minnett's Portfolio Administration & reporting Service and a ~40% stake in EAS) for total consideration of $88.5mn, as well as an equity raising of $60mn comprised of a $50mn institutional placement and $10mn SPP for existing HUB shareholders. The placement will take place at a price of $20.00 per share, representing a discount of 4.6% to HUB's 27 October 2020 close. Paragem will be sold to Easton.

HUB announced the combined acquisitions and raising would be 13% EPS accretive in FY22E. While financials were not provided for the acquired businesses, we estimate the EPS accretion implies acquired earnings of ~A$4.0mn p.a. after allowing for modest cost synergies, adding back Paragem losses and factoring in interest costs.

Cost synergies will take 2-3 years to be fully realised with the A$10mn of cost synergies not expected to flow through in their entirety until FY24E. We therefore estimate EPS accretion to rise to ~20% once the synergies are fully taken into account.

Figure 3: Scenario: Estimated accretion and implied acquired earnings

	FY22F	FY23F	FY24F
Pro-forma Underlying NPAT:			
Previous CSe Underlying NPAT	23.8	30.9	38.9
Implied acquired earnings	4.0	4.0	4.0
Synergies	0.7	3.5	7.0
Add back Paragem losses	0.4	0.4	0.4
Less interest costs	(0.2)	(0.2)	(0.2)
Pro-forma Underlying NPAT	28.7	38.6	50.1
NPAT Accretion / (Dilution)	21%	25%	29%
Pro-forma Shares:			
Previous CSe Avg Diluted Shares	65.7	66.7	67.7
Institutional placement	2.5	2.5	2.5
Share Purchase Plan	0.5	0.5	0.5
Scrip payment to XPL	1.4	1.4	1.4
Pro-forma Avg Diluted Shares	70.1	71.1	72.1
Change in share count	6.7%	6.6%	6.5%
Pro-forma EPS:			
Previous CSe Diluted EPS	$0.36	$0.46	$0.58
Pro-forma Diluted EPS	$0.41	$0.54	$0.70
Accretion / (Dilution)	**13.0%**	**17.2%**	**20.9%**
Memo:			
Synergy realisation	10%	50%	100%

Source: Company data, Credit Suisse estimates

The acquisitions could bring new revenue opportunities to HUB through broadening into non-custody assets, increased product functionality, new client relationships through Xplore and a deeper relationship with Easton.

Acquisition of Xplore Wealth

HUB have launched a proposal to acquire Xplore (XPL) via scheme of arrangement for A$60mn, 50% of which will be funded with cash raised from the announced institutional equity placement, while the remaining 50% will be funded via scrip consideration of 1.38mn HUB shares (with an implied value of A$30mn). This implies an effective purchase price of A$0.20 per share for Xplore, representing a 203% premium to the Company's last traded price on 27 October 2020.

Xplore shareholders will be able to choose between receiving either a 50/50 cash/scrip mix (default selection), 100% cash, or 100% scrip from the acquisition. The acquisition is expected to be implemented in CY1Q21 and XPL's board has unanimously recommended shareholders vote in favour of the proposal.

Xplore is a specialist investment platform and superannuation services provider, which delivers platform solutions to clients that are serviced by institutional (HNW/Private Banking) and retail financial advisers. Xplore also offers custody and non-custody administration solutions for managed discretionary accounts, direct HIN, and Wraps (including SMAs), as well as superannuation trustee and administration services.

In FY20, Xplore reported Underlying EBITDA of $2.8mn which implies HUB is offering a price at an acquisition multiple of 21x EBITDA (or ~5x EBITDA + synergies). Using a revenue multiple, the acquisition multiple is ~2.6x Price/Revenue.

We estimate that the Explore acquisition is only modestly accretive at ~1% in FY22E, however, accretion becomes significantly more when we factor in synergies.

Figure 4: Scenario: Estimated FY22E accretion from Xplore acquisition

	Xplore FY22F	Xplore + Full Synergies FY22F
Pro-forma Underlying NPAT:		
Previous CSe Underlying NPAT	23.8	23.8
Estimated earnings	2.0	2.0
…EBITDA	*2.8*	*2.8*
…Underlying Profit (est after adj for Paragem)	*2.0*	*2.0*
Synergies	0.0	7.0
Add back Paragem losses	0.0	0.0
Pro-forma Underlying NPAT	25.8	32.8
NPAT Accretion / (Dilution)	8%	38%
Pro-forma Shares:		
Previous CSe Avg Diluted Shares	65.7	65.7
Shares Issued	4.4	4.4
Pro-forma Avg Diluted Shares	70.1	70.1
Change in share count	6.7%	6.7%
Pro-forma EPS:		
Previous CSe Diluted EPS	$0.36	$0.36
Pro-forma Diluted EPS	$0.37	$0.47
Accretion / (Dilution)	**1.4%**	**29.0%**

Source: Company data, Credit Suisse estimates

Xplore had FuA of A$15.1bn as at 30 June 2020, 59% of which is custody based, 25% non-custody based, with the remaining 6% coming from superannuation services

Xplore reported ~$23mn of revenue in FY20, 85% which was derived from custody administration, 6% from non-custody administration, while the remaining 9% of revenues came from superannuation services. We also note that 57% of XPL's FY20 revenue was derived from FuA based platform fees. Xplore has a blended revenue margin of ~15bp which includes ~22-23bp for the custody / super assets and ~2-3bp for the non-custody assets. Xplore's EBITDA margin in FY20 was around 12%.

The acquisition brings scale, new functionality and a non-custody business to HUB. While there are sizeable cost synergies and it has strategic merits it has the added benefit of avoiding additional development costs if HUB were to build some of the acquired functionality itself. Given low revenue margins (eg 2-3bp) we view the non-custody business as only a modest revenue opportunity but see it as a key part of a holistic offering and a competitive advantage which will assist building deeper and broader relationships with advice groups. While the integration of the non-custody business should be straightforward (more of a data tool) we carry some concern around the process required to migrate custody clients (eg does it require client consent or a successor funds transfer) and whether it could carry some attrition risk.

Acquisition of Ord Minnett's Portfolio and Reporting Services (PARS) business

HUB have also acquired Ord Minnett's PARS business for cash consideration of A$10.5mn, which includes a team of 11 FTEs, related business software and intellectual property. The acquisition is expected to be implemented by the end of CY20. PARS administers over A$8bn of non-custody assets.

We view this as a small bolt on acquisition which strengthens HUB's relationship with a key client and adds scale to its non-custody business. The integration should be relatively straight forward. We expect the financial contribution from PARS is minimal but it may assist in driving synergies.

Investment in Easton Investments (EAS)

HUB also announced its intention to become a 40% shareholder in EAS, which will be partly funded by HUB's divestment of Paragem to EAS for $4mn (or 3.3mn EAS shares at a price of A$1.20 per share), as well as $14mn of cash consideration (or 11.7mn EAS shares at a price of A$1.20 per share).

Intentions are for Paragem's Managing Director Nathan Jacobsen to be offered the role of Managing Director at EAS post-investment. HUB also have entitlements to appoint 2 Directors to the Board of EAS and the transaction is subject to EAS shareholder approval expected in CY1Q21. The EAS board intends to recommend EAS shareholders vote in favour of the transaction.

EAS is a service provider to accountants and financial advisers, and have the largest combined accounting and wealth channel in Australia, comprised of over 3,600 accounting firms and 592 advisers as at 30 June 2020. We note that when combined with Paragem, EAS is expected to have approximately 250 full-service advisers, 510 limited service advisers and FuA of $8.3bn.

HUB will likely equity account the earnings from its 40% share in Easton. We estimate that post Paragem, Easton's underlying profit will be ~$5mn and therefore contribute ~$2mn to HUB's earnings. On this basis, the acquisition is highly accretive (9%) supported by a ~7x earnings acquisition multiple (using Underlying EPS) while HUB raised equity at ~125x FY20 EPS.

We are supportive of the divestment of Paragem and investment in Easton as it ring fences any risk arising from advice to HUB's shareholders, yet it still provides access for advisers input. We could argue the size of the investment was larger than necessary, however, it is financially accretive and strengthens the relationship with one of HUB's key clients. There could also be upside from flows if HUB's product is more widely used by Easton advisers.

Figure 5: Scenario: Estimated FY22E accretion from Easton investment

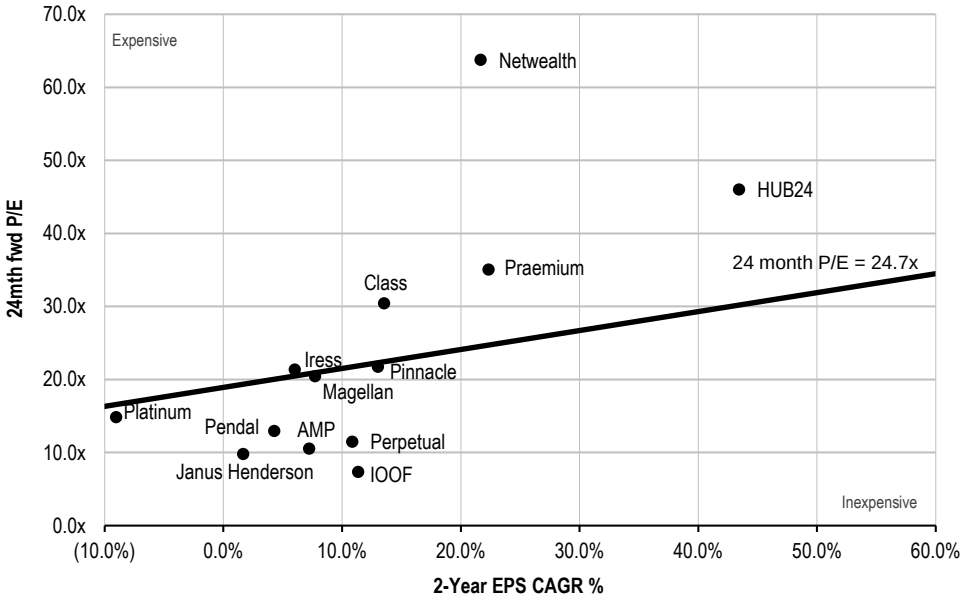
	Easton FY22F
Pro-forma Underlying NPAT:	
Previous CSe Underlying NPAT	23.8
Estimated earnings	2.0
…Underlying Profit (est after adj for Paragem)	*5.0*
…40% of Underlying Profit	*2.0*
Synergies	0.0
Add back Paragem losses	0.4
Pro-forma Underlying NPAT	26.3
NPAT Accretion / (Dilution)	10%
Pro-forma Shares:	
Previous CSe Avg Diluted Shares	65.7
Shares Issued	0.7
Pro-forma Avg Diluted Shares	66.4
Change in share count	1.1%
Pro-forma EPS:	
Previous CSe Diluted EPS	$0.36
Pro-forma Diluted EPS	$0.40
Accretion / (Dilution)	**9.1%**

Source: Company data, Credit Suisse estimates

Looking more closely at the business, we note that EAS is split into accounting and wealth solutions divisions, with the accounting solutions business delivering A$14.6mn (~20%) of revenues in FY20, while the wealth solutions business delivered the remaining A$57.7mn (~80%) for total Group revenues of A$72.2mn in FY20.

Valuation

Figure 6: 2yr EPS CAGR vs 24mth forward P/E – Financials sector



Source: IBES, Credit Suisse estimates

Figure 7: Valuation comparison

		Currency	CS Rating	CS Target Price	Share Price (A$)	Market Cap (A$mn)	P/E FY20A	P/E FY21E	P/E FY22E	P/E FY23E	EPS FY20A	EPS FY21E	EPS FY22E	EPS FY23E	EPS Growth FY21E	EPS Growth FY22E	EPS Growth FY23E	3yr EPS CAGR FY20-FY23E
CREDIT SUISSE EARNINGS																		
AMP	AMP.AX	AUD	OPFM	1.75	$1.31	$4,485mn	10.4x	11.8x	9.7x	na	0.13	0.11	0.13	na	(12%)	22%	na	na
IFL	IFL.AX	AUD	OPFM	5.00	$2.99	$1,941mn	8.1x	12.0x	7.8x	6.6x	0.37	0.25	0.38	0.45	(32%)	54%	18%	7%
HUB24	HUB.AX	AUD	NTRL	21.50	$20.97	$1,324mn	132.5x	83.5x	52.1x	39.3x	0.16	0.25	0.40	0.53	59%	60%	33%	50%
Netwealth	NWL.AX	AUD	NTRL	14.75	$17.92	$4,259mn	100.1x	85.2x	69.7x	55.9x	0.18	0.21	0.26	0.32	18%	22%	25%	21%
IBES CONSENSUS EARNINGS																		
Small Cap Platforms and Adminstrators:																		
Class	CL1.AX	AUD	NC	NC	$2.30	$285mn	40.4x	37.1x	31.9x	27.7x	0.06	0.06	0.07	0.08	9%	16%	15%	13%
Equity Trustees	EQT.AX	AUD	NC	NC	$25.28	$528mn	24.7x	23.7x	21.7x	20.3x	1.02	1.07	1.17	1.25	4%	9%	7%	7%
HUB24	HUB.AX	AUD	NTRL	21.50	$20.97	$1,324mn	112.1x	71.8x	50.5x	38.9x	0.19	0.29	0.42	0.54	56%	42%	30%	42%
Netwealth	NWL.AX	AUD	NTRL	14.75	$17.92	$4,259mn	113.2x	84.5x	68.4x	56.0x	0.16	0.21	0.26	0.32	34%	24%	22%	26%
OneVue	OVH.AX	AUD	NC	NC	$0.43	$115mn	71.3x	38.9x	18.6x	17.8x	0.01	0.01	0.02	0.02	83%	109%	4%	59%
Praemium	PPS.AX	AUD	NC	NC	$0.70	$346mn	50.0x	58.3x	38.9x	29.2x	0.01	0.01	0.02	0.02	(14%)	50%	33%	20%
Average							**68.6x**	**52.4x**	**38.3x**	**31.6x**					**29%**	**42%**	**19%**	**28%**
Small Cap Diversified Financials:																		
Clearview	CVW.AX	AUD	NC	NC	$0.35	$233mn	15.0x	11.5x	9.6x	8.0x	0.02	0.03	0.04	0.04	30%	20%	19%	23%
Iress	IRE.AX	AUD	NTRL	11.00	$9.39	$1,815mn	24.3x	23.0x	21.1x	15.7x	0.39	0.41	0.45	0.60	6%	9%	35%	16%
MainstreamBPO	MAI.AX	AUD	NC	NC	$0.95	$131mn	63.3x	43.2x	31.7x	25.7x	0.02	0.02	0.03	0.04	47%	36%	23%	35%
OzForex	OFX.AX	AUD	NC	NC	$1.17	$285mn	13.6x	19.5x	na	na	0.09	0.06	na	na	(30%)	na	na	na
Pacific Group	PAC.AX	AUD	NC	NC	$6.20	$315mn	12.1x	11.2x	9.9x	9.3x	0.51	0.55	0.63	0.67	8%	13%	7%	9%
Pinnacle	PNI.AX	AUD	NC	NC	$5.02	$940mn	28.0x	27.3x	23.1x	19.4x	0.18	0.18	0.22	0.26	3%	18%	19%	13%
Average							**26.1x**	**22.6x**	**19.1x**	**15.6x**					**10%**	**19%**	**21%**	**19%**
Large Cap Diversified Financials:																		
AMP	AMP.AX	AUD	OPFM	1.75	$1.31	$4,485mn	13.2x	11.7x	10.2x	na	0.10	0.11	0.13	na	13%	14%	na	na
ASX	ASX.AX	AUD	UPFM	73.00	$82.40	$15,952mn	32.0x	33.1x	32.2x	31.0x	2.58	2.49	2.56	2.66	(3%)	3%	4%	1%
Challenger	CGF.AX	AUD	OPFM	4.90	$4.72	$3,189mn	8.4x	11.8x	10.4x	10.1x	0.57	0.40	0.45	0.47	(29%)	14%	3%	(6%)
Computershare	CPU.AX	AUD	NTRL	10.11	$12.18	$6,588mn	14.6x	17.3x	15.1x	14.7x	0.84	0.71	0.81	0.83	(16%)	14%	3%	(0%)
IOOF	IFL.AX	AUD	OPFM	5.00	$2.99	$1,941mn	8.8x	11.3x	9.3x	8.3x	0.34	0.26	0.32	0.36	(22%)	22%	12%	2%
Link Group	LNK.AX	AUD	RSTR	RSTR	$4.82	$2,561mn	17.9x	21.3x	15.4x	14.3x	0.27	0.23	0.31	0.34	(16%)	38%	7%	8%
Magellan	MFG.AX	AUD	OPFM	66.00	$57.56	$10,570mn	23.8x	23.5x	21.0x	19.4x	2.42	2.45	2.74	2.97	1%	12%	8%	7%
Pendal Group	PDL.AX	AUD	NTRL	6.10	$6.72	$2,169mn	14.0x	14.9x	13.2x	10.8x	0.48	0.45	0.51	0.62	(6%)	13%	22%	9%
Perpetual	PPT.AX	AUD	NTRL	31.00	$27.87	$1,575mn	14.1x	14.1x	11.8x	10.9x	1.97	1.98	2.37	2.55	1%	19%	8%	9%
Platinum	PTM.AX	AUD	NTRL	3.30	$3.08	$1,807mn	11.5x	14.3x	14.9x	14.7x	0.27	0.22	0.21	0.21	(19%)	(4%)	1%	(8%)
Average							**15.3x**	**16.7x**	**14.8x**	**14.3x**					**(9%)**	**14%**	**8%**	**3%**
ASX Small Caps Industrials Index							**25.0x**	**23.2x**	**19.3x**	**17.7x**					**8%**	**21%**	**12%**	**14%**

Source: Company data, Credit Suisse estimates

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Life360 Inc

3Q20 quarterly update – back to user growth

360.AX

Target price (12M, A$)
4.70
Outperform[V]

Software | Decrease Target Price

- **3Q20 result key points:** (1) The U.S. is back to user growth (+500k since 30 June). (2) CY20 revenue guidance of US$79-82mn retained and operating cash outflow and underlying EBITDA loss (ex SBC) guidance improved to c. -US$10 (from -US$10-14mn). (3) New membership signups continue well with 93k new and upsell memberships consisting of 15%/69%/16% silver/gold/platinum, and average revenue per paying circle of new cohorts +30% from 1H20.
- **Modest forecast changes.** We reduce our MAU forecasts by 3% driven by the U.S. where our prior 4Q20 assumptions may have been somewhat ambitious given COVID challenges still remain, and we leave our remaining revenue assumptions largely unchanged (revised CY20 revenue forecast of US$80.3mn remains within guidance). Our CY20 cash outflow forecasts improve following less 3Q20 customer acquisition spend than anticipated although our forecasts do assume an increase in 4Q20 (our CY20 cashflow and EBITDA ex SBC assumptions are also within guidance). Overall we have a slight reduction in target price to A$4.70 per share (from A$4.80) which is based on 4x CY21 revenue, although note we are comfortable with a higher multiple if the rebound in growth post COVID proves sustainable.
- **Retain OUTPERFORM.** The growth trajectory had moderated unsurprisingly due to COVID-19 given the core features of the product (location and driving information) have been of less relevance in an environment of reduced mobility. That said, the user growth trajectory is now rebounding, recent quarterly updates demonstrate the ability to grow profitably, and early results of the membership launch are indeed driving the expected ARPU increase. Overall we see scope for high rates of revenue growth and upside risk to the applied revenue multiple which provide opportunity for the 360 share price to be an attractive outperformer.

Previous target price (12M, A$)	4.80
Price (28 Oct,A$)	3.96
Market cap (A$mn)	588.8
Yr avg. mthly trading (A$mn)	16.5
Projected return:	
Capital gain (%)	18.7
Dividend yield (net %)	0.0
Total return (%)	18.7

[V] = Stock Considered Volatile (see Disclosure Appendix)

Research Analysts

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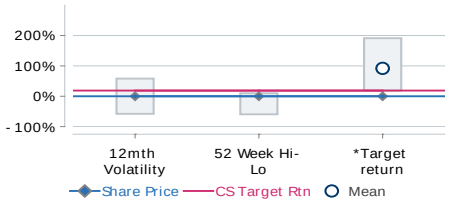
Financial and valuation metrics

Year	12/19A	12/20E	12/21E	12/22E
Revenue (US$ mn)	59	80	110	141
EBITDA (US$ mn)	(29)	(17)	(17)	(6)
EBIT (US$ mn)	(29)	(18)	(18)	(7)
Net Income (Adj.) (US$ mn)	(29)	(18)	(17)	(7)
EPS (Adj.) (USc)	(27.66)	(11.91)	(11.49)	(4.74)
Change from previous EPS (%)	n.a.	n.m	n.m	n.m
EPS growth (%)	n.m	n.m	n.m	n.m
Consensus EPS (USc)	(67.10)	(10.50)	(6.40)	2.70
P/E (x)	(10.2)	(23.7)	(24.6)	(59.5)
Dividends (USc)	0.00	0.00	0.00	0.00
Dividend yield (%)	0.0	0.0	0.0	0.0
Price/Book (x)	5.7	6.8	8.1	7.9
Net debt/EBITDA (x)	2.2	3.0	2.5	6.9

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	-3.41	18.21	13.14
Relative (%)	-5.07	18.21	23.44

Life360 Inc (360.AX / 360 AU)

Analyst: **Quinn Pierson**

Price (28 Oct 2020): **A$3.96** Target Price: **(from A$4.8) A$4.7**

Rating: **Outperform [V]**

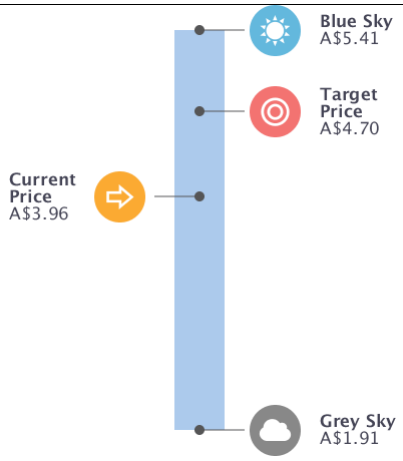
Income Statement	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Revenue	**59**	**80**	**110**	**141**
EBITDA	**(29)**	**(17)**	**(17)**	**(6)**
Depr. & Amort.	(0)	(1)	(1)	(1)
EBIT	**(29)**	**(18)**	**(18)**	**(7)**
Associates	-	-	-	-
Net interest exp.	0	0	0	0
Other	0	0	0	0
Profit before tax	**(29)**	**(18)**	**(17)**	**(7)**
Income tax	-0	-0	-0	-0
Profit after tax	**(29)**	**(18)**	**(17)**	**(7)**
Minorities	-	-	-	-
Preferred dividends	-	-	-	-
Associates & Other	0	(0)	0	0
Normalised NPAT	**(29)**	**(18)**	**(17)**	**(7)**
Unusual item after tax	(0)	(1)	0	0
Net profit (Reported)	**(29)**	**(19)**	**(17)**	**(7)**
Cash Flow	**12/19A**	**12/20E**	**12/21E**	**12/22E**
EBIT	(29)	(18)	(18)	(7)
Net Interest	(0)	0	0	0
Depr & Amort	0	1	1	1
Tax Paid	0	0	0	0
Change in Working capital	(8)	(0)	(0)	(0)
Other cash and non-cash items	6	8	8	9
Operating cashflow	**(31)**	**(10)**	**(8)**	**3**
Capex	(0)	(1)	(2)	(2)
Capex - expansionary	-	-	-	-
Capex - Maintenance	-	-	-	-
Acquistions & Invest	-	-	-	-
Asset sale proceeds	-	-	-	-
Other	-	-	-	-
Investing cashflow	**(0)**	**(1)**	**(2)**	**(2)**
Dividends paid	0	0	0	0
Equity raised	74	0	0	0
Net borrowings	(5)	(0)	0	0
Other financing cash in/(outflows)	0	0	0	0
Financing cashflow	**69**	**0**	**0**	**0**
Total cashflow	**38**	**(11)**	**(10)**	**1**
Adjustments	0	0	0	0
Movement in cash/equivalents	**38**	**(11)**	**(10)**	**1**
Balance Sheet	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Cash & equivalents	64	53	43	43
Inventories	0	0	0	0
Receivables	8	8	12	15
Other current assets	10	10	12	14
Current assets	**81**	**72**	**67**	**72**
Property, plant & equip.	1	1	2	4
Intangibles	1	1	1	1
Other non-current assets	5	8	8	8
Non-current assets	**7**	**10**	**11**	**13**
Total assets	88	82	78	85
Payables	0	1	1	1
Interest bearing debt	0	0	0	0
Other liabilities	16	20	24	29
Total liabilities	**16**	**20**	**25**	**30**
Net assets	**72**	**62**	**53**	**55**
Ordinary equity	72	62	53	55
Minority interests	-	-	-	-
Preferred capital	0	0	0	0
Total shareholder funds	**72**	**62**	**53**	**55**
Net Debt	(64)	(53)	(43)	(43)
Earnings	**12/19A**	**12/20E**	**12/21E**	**12/22E**
Equiv. FPO (period avg) (mn)	104	148	150	152
EPS (CS adj.) (US$)	(0.3)	(0.1)	(0.1)	(0.0)
EPS growth (%)	-	56.9	3.5	58.7
DPS (US$)	0.0	0.0	0.0	0.0
Dividend Payout (%)	-0.0	-0.0	-0.0	-0.0
Free CFPS (US$)	(0.3)	(0.1)	(0.1)	0.0

Source: Company data, Refinitiv, Credit Suisse estimates

Company Background

Life360 is a family focused platform focused on communication, location sharing and driving safety. The platform is a "freemium" model, with the Life360 app available at no charge, and two subscription options being Life360 Plus and Driver Protect.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (A$) **(from 5.49) 5.41**

We flex FY20 users 10% above current forecast, assume an additional 2ppts of conversion, increase average revenue per Paying Circle by 5%, and assume a 30% premium to our revenue multiple.

Our Grey Sky Scenario (A$) **(from 1.93) 1.91**

We flex FY20 users -10% below current forecast, assume 2ppts lower of conversion, decrease average revenue per Paying Circle by -5%, and assume a -30% discount to our revenue multiple.

Share price performance

On 28-Oct-2020 the S&P ASX 200 Index closed at 6051.0
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

SeptQ 2020 quarterly update

Figure 1: 360: Quarterly result summary

December YE											Revised CS estimates	
P&L $mn		1H19	3Q19	4Q19	2H19	FY19	1Q20	2Q20	1H20	3Q20	4Q20E	FY20E
US MAUs	mn	12.7	14.4	16.3	16.3	16.3	16.7	16.3	16.3	16.7	17.3	17.3
% pcp	%	66.0%	64.0%	63.0%	63.0%	63.0%	49.0%	28.3%	28.3%	16.0%	6.0%	6.0%
Net adds (sequential)	mn	2.7	1.7	1.9	3.6	3.6	0.4	(0.4)	0.0	0.4	0.6	1.0
International MAUs	mn	10.4	10.3	10.9	10.9	10.9	11.4	8.9	8.9	9.1	9.3	9.3
% pcp	%	45.3%	23.0%	28.2%	28.2%	28.2%	21.0%	-14.4%	-14.4%	-11.7%	-14.3%	-14.3%
Net adds (sequential)	mn	1.9	(0.1)	0.6	0.5	0.5	0.5	(2.5)	(2.0)	0.2	0.2	(1.6)
Total MAUs	**mn**	**23.1**	**24.7**	**27.2**	**27.2**	**27.2**	**28.1**	**25.2**	**25.2**	**25.8**	**26.6**	**26.6**
% pcp	%	56.0%	44.0%	47.0%	47.0%	47.0%	36.4%	9.1%	9.1%	4.5%	-2.1%	-2.1%
Net adds (sequential)	mn	4.6	1.6	2.5	4.1	4.1	0.9	(2.9)	(2.0)	0.6	0.8	(0.6)
Paying Circles	k	696	758	830	830	830	862	845	845	884	924	924
% pcp	%	61.9%	47.0%	43.1%	43.1%	43.1%	31.0%	21.4%	21.4%	16.6%	11.3%	11.3%
Net adds (sequential)	k	116	62	72	134	134	32	(17)	15	39	40	94
ARPPC	US$	60.2	63.5*	67.0*	65.1	62.5	nd	nd	nd	nd	na	68.7
ARPPC % pcp	%	7.3%	"+14%"	"+14%"	12.6%	10.0%	"+15%"	"9%"	nd	"+8%"	na	10.0%
Revenue	US$mn	24.6	16.2	18.1	34.3	58.9	19.1	19.5	38.6	20.2	21.4	80.3
% pcp	%	114.8%	79.0%	56.5%	66.3%	83.6%	71.0%	46.0%	56.9%	24.7%	17.9%	36.2%
Annualised monthly revenue	US$mn	62.0	nd	75.4	75.4	75.4	76.1	77.9	77.9	81.2	88.2	88.2
% pcp	%	94.9%	nd	66.4%	65.4%	66.4%	64.0%	25.6%	25.6%	20.0%	17.0%	17.0%
Customer acqn cost (CAC)	US$mn	(10.3)	(5.2)	(3.9)	(9.1)	(19.4)	(4.0)	(0.2)	(4.2)	(0.9)	(5.3)	(10.3)
Operating Cashflow	US$mn	(16.7)	(7.1)	(6.7)	(13.8)	(30.5)	(6.2)	0.7	(5.5)	1.0	(5.7)	(10.2)

Source: Company data, Credit Suisse estimates

Earnings revisions

Figure 2: 360: earnings changes

A$mn		FY20E			FY21E			FY22E		
Key Metrics and P&L		Old	New	% change	Old	New	% change	Old	New	% change
US MAUs	mn	18.3	17.3	-5.4%	22.9	21.7	-5.4%	26.7	25.3	-5.4%
International MAUs	mn	9.1	9.3	2.9%	11.0	11.3	2.9%	12.8	13.2	2.9%
Total MAUs	mn	27.3	26.6	-2.6%	33.9	33.0	-2.7%	39.5	38.5	-2.7%
US PCs	k	797	750	-6.0%	1,068	1,004	-6.0%	1,363	1,283	-5.9%
International PCs	k	172	174	1.5%	236	240	1.7%	341	348	1.9%
Total PCs	k	969	924	-4.7%	1,304	1,244	-4.6%	1,704	1,630	-4.3%
US ARPPC	US$	72.3	73.5	1.6%	82.7	82.7	0.0%	85.6	85.6	0.0%
International ARPPC	US$	50.7	50.5	-0.3%	56.9	56.9	0.0%	59.2	59.2	0.0%
Group ARPPC	US$	68.0	68.7	1.1%	78.1	77.7	-0.4%	80.6	80.2	-0.4%
Direct revenue	US$mn	61.2	60.3	-1.4%	88.7	84.3	-5.0%	121.1	115.3	-4.8%
Indirect revenue	US$mn	20.0	20.0	0.0%	25.5	25.5	0.0%	25.5	25.5	0.0%
Total Revenue	US$mn	81.2	80.3	-1.1%	114.2	109.8	-3.9%	146.7	140.8	-4.0%
Operating expenses ex. SBC	US$mn	(93.9)	(90.2)	-4.0%	(120.2)	(118.3)	-1.6%	(140.6)	(138.1)	-1.8%
EBITDA (ex. SBC)	US$mn	(12.8)	(9.9)	-22.5%	(6.0)	(8.5)	40.3%	6.0	2.7	-54.7%
Share based compensation	US$mn	(7.6)	(7.6)	0.0%	(8.4)	(8.4)	0.0%	(9.1)	(9.1)	0.0%
EBITDA	US$mn	(20.3)	(17.5)	-14.1%	(14.4)	(16.8)	16.9%	(3.0)	(6.3)	108.7%
Underlying NPAT	US$mn	(20.5)	(17.6)	-14.0%	(14.8)	(17.2)	16.2%	(4.0)	(7.2)	82.5%
Capex	US$mn	(1.2)	(1.2)	-1.2%	(1.9)	(1.8)	-3.9%	(2.4)	(2.3)	-4.0%
Operating Cashflow	US$mn	(13.1)	(10.2)	-21.9%	(5.9)	(8.3)	41.0%	6.2	2.9	-53.3%
Net debt / (net cash)	US$mn	(50.0)	(52.9)	5.8%	(42.3)	(42.9)	1.3%	(46.1)	(43.5)	-5.8%

Source: Company data, Credit Suisse estimates

Figure 3: 360: summary financials

P&L (US$mn)	FY18	FY19	FY20E	FY21E	FY22E
US direct revenue	20.4	36.4	51.1	72.5	97.9
International direct revenue	4.4	7.7	9.2	11.8	17.4
Indirect revenue	7.3	14.9	20.0	25.5	25.5
Total Revenue	**32.1**	**58.9**	**80.3**	**109.8**	**140.8**
% growth	*179.1%*	*83.6%*	*36.2%*	*36.7%*	*28.2%*
EBITDA	**(20.1)**	**(28.7)**	**(17.5)**	**(16.8)**	**(6.3)**
% growth	*52.3%*	*42.6%*	*-39.0%*	*-3.8%*	*-62.3%*
% margin	*-62.6%*	*-48.6%*	*-21.8%*	*-15.3%*	*-4.5%*
D&A	(0.1)	(0.3)	(0.5)	(0.7)	(1.2)
EBIT	(20.2)	(29.0)	(18.0)	(17.5)	(7.5)
Net interest	(0.3)	0.3	0.4	0.3	0.3
PBT	(20.5)	(28.7)	(17.6)	(17.2)	(7.2)
Tax	0.0	0.0	0.0	0.0	0.0
Adjusted NPAT	**(20.5)**	**(28.7)**	**(17.6)**	**(17.2)**	**(7.2)**

P&L (US$mn)	1H19	2H19	1H20	2H20E
US direct revenue	15.8	20.6	23.5	27.6
International direct revenue	3.4	4.3	4.7	4.5
Indirect revenue	5.4	9.5	10.5	9.5
Total Revenue	**24.6**	**34.3**	**38.7**	**41.6**
% growth	*114.8%*	*66.3%*	*57.3%*	*21.1%*
EBITDA	**(16.5)**	**(12.2)**	**(6.2)**	**(11.3)**
% growth	*121.5%*	*-3.9%*	*-62.4%*	*-7.2%*
% margin	*-67.1%*	*-35.4%*	*-16.0%*	*-27.1%*
D&A	(0.2)	(0.1)	(0.3)	(0.2)
EBIT	(16.7)	(12.3)	(6.5)	(11.5)
Net interest	(0.2)	0.5	0.2	0.2
PBT	(16.9)	(11.8)	(6.3)	(11.3)
Tax	0.0	0.0	0.0	0.0
Adjusted NPAT	**(16.9)**	**(11.8)**	**(6.3)**	**(11.3)**

Key metrics	FY18	FY19	FY20E	FY21E	FY22E
MAU (m)					
US	10.0	16.3	17.3	21.7	25.3
International	8.5	10.9	9.3	11.3	13.2
Total	**18.5**	**27.2**	**26.6**	**33.0**	**38.5**
% pcp	*66.7%*	*47.0%*	*-2.1%*	*23.9%*	*16.6%*
Paying circles (k)					
US	450	640	750	1,004	1,283
% pcp	*104.5%*	*42.2%*	*17.1%*	*33.9%*	*27.7%*
% conversion rate	*15.3%*	*13.3%*	*14.8%*	*15.8%*	*17.3%*
International	130	190	174	240	348
% pcp	*85.7%*	*46.2%*	*-8.2%*	*37.6%*	*44.8%*
% conversion rate	*6.0%*	*6.8%*	*7.3%*	*8.3%*	*10.3%*
Total	**580**	**830**	**924**	**1,244**	**1,630**
% pcp	*100.0%*	*43.1%*	*11.3%*	*34.6%*	*31.0%*
% conversion rate	*11.3%*	*10.9%*	*12.4%*	*13.4%*	*15.1%*
AMR (US$)					
Direct	34.2	55.0	68.9	99.3	132.4
Indirect	11.3	20.0	19.3	21.5	22.0
Total AMR	**45.3**	**75.4**	**88.2**	**120.8**	**154.4**
% pcp	*174.5%*	*66.4%*	*17.0%*	*37.0%*	*27.8%*

Key metrics	1H19	2H19	1H20	2H20E
MAU (m)				
US	12.7	16.3	16.3	17.3
International	10.4	10.9	8.9	9.3
Total	**23.1**	**27.2**	**25.2**	**26.6**
% pcp	*56.0%*	*47.0%*	*9.1%*	*-2.1%*
Paying circles (k)				
US	533	640	688	750
% pcp	*61.5%*	*42.2%*	*29.1%*	*17.1%*
% conversion rate	*14.3%*	*13.3%*	*14.4%*	*14.8%*
International	163	190	157	174
% pcp		*46.2%*	*-3.7%*	*-8.2%*
% conversion rate	*6.1%*	*6.8%*	*6.9%*	*7.3%*
Total	**696**	**830**	**845**	**924**
% pcp	*61.9%*	*43.1%*	*21.4%*	*11.3%*
% conversion rate	*10.9%*	*10.9%*	*11.9%*	*12.4%*
AMR (US$)				
Direct	43.6	55.0	59.1	68.9
Indirect	14.9	20.0	17.5	19.3
Total AMR	**62.0**	**75.4**	**77.9**	**88.2**
% pcp	*94.9%*	*65.4%*	*25.6%*	*17.0%*

Balance Sheet	FY18	FY19	FY20E	FY21E	FY22E
Cash	25.8	63.8	52.9	42.9	43.5
Receivables	5.7	7.9	8.3	11.8	14.9
Intangibles	0.2	1.0	0.9	0.9	0.9
Other assets	6.0	15.6	19.8	22.6	25.5
Assets	37.7	88.3	81.9	78.2	84.7
Payables	2.9	0.5	0.6	0.8	1.0
Deferred revenue	6.1	11.1	11.9	16.8	21.3
Other liabilities	8.9	4.4	7.6	7.6	7.6
Liabilities	17.9	16.0	20.1	25.2	29.9
Net Assets	19.8	72.3	61.8	52.9	54.8
Net Tangible Assets	19.6	71.3	60.9	52.0	53.9
Net Debt / (Cash)	(20.9)	(63.8)	(52.9)	(42.9)	(43.5)

Cashflows	FY19	FY20E	FY21E	FY22E
Operating cashflows	(31)	(10)	(8)	3
Capex - PP&E & Intangibles	(0.4)	(1.2)	(1.8)	(2.3)
Free cash flow	(30.9)	(11.4)	(10.1)	0.6
Other investing cashflows	0.1	0.0	0.0	0.0
Financing cashflows	(0.3)	(1.2)	(1.8)	(2.3)
Net increase in cash	38.0	(11.2)	(10.1)	0.6
Cash at end of the year	64.1	52.9	42.9	43.5

Key Financials & Valuation	FY19	FY20E	FY21E	FY22E
Normalised EPS (diluted)	(27.7)	(11.9)	(11.5)	(4.7)
% growth		*-56.9%*	*-3.5%*	*-58.7%*
EV / Revenue	5.9	4.4	3.2	2.5

Source: Company data, Credit Suisse estimates

CREDIT SUISSE

Sandfire Resources

Strong SepQ delivers operating upgrade, but development aspirations take a hit

Precious Metals | Decrease Target Price

SFR.AX

Target price (12M, A$)
5.25

Outperform

- **SepQ summary.** Strong Monty delivered record Cu production 19.4kt, Au 11.7koz at C1 US$0.53/lb. FY21 prodn guidance unchanged 60-70kt Cu, 36-40koz Au, with top of range targeted across both Cu/Au. C1 reduced 5c/lb to US$0.85-0.95/lb. Outlook includes softer Q2/3Q production vs 1Q, then a strengthening in Q4. Cash A$304mn ex-leases. No debt.
- **Development fortunes mixed.** **The Positive:** MOD T3/A4 (Botswana) continues to advance, with a feasibility study due on the initial T3 concept by end-CY20. This is to be followed / enhanced by its A4 Resource and study update likely in CY2021. Initial T3 scale 3.2Mtpa, with an increase to 5.2Mtpa considered subject to A4 Resource. Management are bullish on the region's exploration prospectivity, a view informed by encouraging drilling results to date, an array of targets within ~30kms of process hub, and its extensive land holding. These suggest the passage of time should see the project grow and increase in value. We model a base case 3.2Mt producing 30kt+ pa, increasing to 5Mt, 45kt+ pa from FY28. We attribute 70% of our project NPV to account for execution, performance and estimate risk.
- **The Negative:** After six years in the making, the Black Butte (BB) Reserve and Feasibility Study has revealed a project that appears uninvestable in its current form. Its maiden RSV presents a smaller scale, lower grade project than its RSC. FS study NPV US$78mn post tax (5% WACC) based on US$275mn capex, itself subject to +/-15% estimation tolerance, with an above spot Cu price US$3.20/lb assumed. Applying some simple sensitivities to these factors we can quickly get to a neutral (or negative) NPV outcome, and that is before factoring any of a number of other risks – resource reconciliation, mining performance, cost and capex overrun – inherent to mining projects. The project needs further exploration success and optimization to warrant development. That outcome is possible, with management indicating it has invested little in exploration to date, while inclusion of the adjacent Lowry deposit (not within the FS but similar scale, lower grade) should enhance its economics, albeit this also remains subject to time and further capital (A$60mn spent to date).
- **Valuation.** TP trimmed to A$5.25/sh (from A$5.40) on removing BB from our valuation, offset by increased MOD T3/A4. EPS changes SepQ / cost guidance. Spot value A$6.12.

Previous target price (12M, A$)	5.40
Price (28 Oct,A$)	4.29
Market cap (A$mn)	764.7
Yr avg. mthly trading (A$mn)	109.1
Projected return:	
Capital gain (%)	22.4
Dividend yield (net %)	3.4
Total return (%)	25.8

Research Analysts

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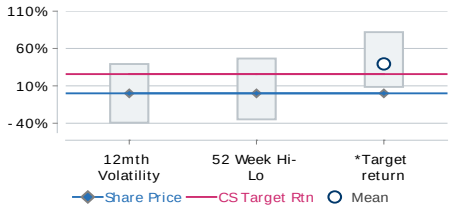
Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Revenue (A$ mn)	657	640	623	207
EBITDA (A$ mn)	315	331	328	2
EBIT (A$ mn)	114	142	169	(12)
Net Income (Adj.) (A$ mn)	74	103	123	(4)
EPS (Adj.) (Ac)	42.88	57.94	68.73	(2.12)
Change from previous EPS (%)	n.a.	6.4	(3.1)	n.m
EPS growth (%)	(35.8)	35.1	18.6	n.m
Consensus EPS (Ac)	42.90	59.30	57.50	(7.00)
P/E (x)	10.0	7.4	6.2	(202.7)
Dividends (Ac)	19.00	13.58	17.18	0.00
Dividend yield (%)	4.4	3.2	4.0	0.0
Price/Book (x)	1.0	0.9	0.8	0.9
Net debt/EBITDA (x)	(0.9)	(1.2)	(1.4)	(186.2)

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	2.63	-18.13	-24.74
Relative (%)	0.861	-18.24	-14.54

Sandfire Resources (SFR.AX / SFR AU)

Analyst: **Nick Herbert**

Price (28 Oct 2020): **A$4.29** Target Price: **(from A$5.4) A$5.25**

Rating: **Outperform**

Income Statement	6/20A	6/21E	6/22E	6/23E
Revenue	**657**	**640**	**623**	**207**
EBITDA	**315**	**331**	**328**	**2**
Depr. & Amort.	(201)	(189)	(160)	(14)
EBIT	**114**	**142**	**169**	**(12)**
Associates	-	-	-	-
Net interest exp.	(3)	5	6	7
Other	0	0	0	0
Profit before tax	**111**	**148**	**175**	**(5)**
Income tax	(39)	(44)	(53)	2
Profit after tax	**72**	**103**	**123**	**(4)**
Minorities	2	-0	-0	-0
Preferred dividends	-	-	-	-
Associates & Other	0	0	0	0
Normalised NPAT	**74**	**103**	**123**	**(4)**
Unusual item after tax	0	0	0	0
Net profit (Reported)	**74**	**103**	**123**	**(4)**

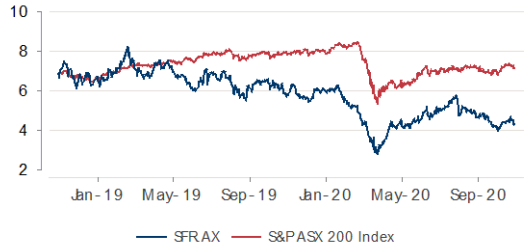
Balance Sheet	6/20A	6/21E	6/22E	6/23E
Cash & equivalents	291	406	470	356
Inventories	54	37	36	25
Receivables	27	25	21	14
Other current assets	22	22	22	22
Current assets	**393**	**490**	**548**	**417**
Property, plant & equip.	105	105	105	105
Intangibles	0	0	0	0
Other non-current assets	396	348	385	448
Non-current assets	**501**	**453**	**491**	**553**
Total assets	**894**	**943**	**1,039**	**970**
Payables	55	46	40	28
Interest bearing debt	12	12	12	12
Other liabilities	76	69	77	48
Total liabilities	**144**	**128**	**129**	**89**
Net assets	**750**	**815**	**909**	**881**
Ordinary equity	749	814	908	880
Minority interests	1	1	1	1
Preferred capital	-	-	-	-
Total shareholder funds	**750**	**815**	**909**	**881**
Net Debt	(279)	(394)	(457)	(343)

Cash Flow	6/20A	6/21E	6/22E	6/23E
EBIT	114	142	169	(12)
Net Interest	2	5	6	7
Depr & Amort	201	189	160	14
Tax Paid	(61)	(51)	(45)	(53)
Change in Working capital	(21)	10	(1)	5
Other cash and non-cash items	94	37	6	5
Operating cash flow	**330**	**333**	**295**	**(34)**
Capex	(106)	(141)	(195)	(49)
Capex - expansionary	-	-	-	-
Capex - Maintenance	-	-	-	-
Acquisitions & Invest	(134)	(37)	(8)	(7)
Asset sale proceeds	4	0	0	0
Other	-	-	-	-
Investing cash flow	**(236)**	**(179)**	**(203)**	**(56)**
Dividends paid	(37)	(39)	(28)	(24)
Equity raised	0	0	0	0
Net borrowings	0	0	0	0
Other financing cash in/(outflows)	(13)	0	0	0
Financing cash flow	**(50)**	**(39)**	**(28)**	**(24)**
Total cash flow	**44**	**115**	**63**	**(114)**
Adjustments	0	0	0	0
Movement in cash/equivalents	**44**	**115**	**63**	**(114)**

Source: Company data, Credit Suisse estimates

Earnings	6/20A	6/21E	6/22E	6/23E
Equiv. FPO (period avg) (mn)	173	178	178	178
EPS (CS adj.) (c)	42.9	57.9	68.7	(2.1)
EPS growth (%)	(35.8)	35.1	18.6	(103.1)
DPS (c)	19.0	13.6	17.2	0.0
Dividend Payout (%)	44.3	23.4	25.0	-0.0
Free CFPS (c)	129.4	107.2	55.9	(46.5)
Valuation	**6/20A**	**6/21E**	**6/22E**	**6/23E**
P/E (CS) (x)	10.0	7.4	6.2	(202.7)
PEG (x)	(0.3)	0.2	0.3	2.0
EV/EBIT (x)	4.3	2.6	1.8	(33.9)
EV/EBITDA (x)	1.5	1.1	0.9	228.6
Dividend Yield (%)	4.4	3.2	4.0	0.0
FCF Yield (%)	30.2	25.0	13.0	(10.8)
Price to book (x)	1.0	0.9	0.8	0.9
Returns	**6/20A**	**6/21E**	**6/22E**	**6/23E**
Return on Equity (%)	9.9	12.7	13.5	(0.4)
Profit Margin (%)	11.3	16.1	19.7	(1.8)
Asset Turnover (x)	0.7	0.7	0.6	0.2
Equity Multiplier (x)	1.2	1.2	1.1	1.1
Return on Assets (%)	8.3	10.9	11.8	(0.4)
Return on Invested Cap. (%)	15.7	23.6	26.1	(1.6)
Gearing	**6/20A**	**6/21E**	**6/22E**	**6/23E**
ND/ND+E (%)	Net Cash	Net Cash	Net Cash	Net Cash
Net Debt to EBITDA (x)	Net Cash	Net Cash	Net Cash	Net Cash
Int Cover (EBITDA) (x)	117.7	na	na	na
Int Cover (EBIT) (x)	42.5	na	na	1.8
Capex to Sales (%)	16.2	22.1	31.3	23.8
Capex to Depr (%)	52.9	74.8	122.2	345.6

Share price performance



On 28-Oct-2020 the S&P ASX 200 Index closed at 6057.7
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

Operating Summary

Figure 1: DeGrussa operating summary

Key Operational Targets	FY18A	FY19A	FY20A	FY21 Guidance	FY21 Guidance (updated)	SepQ20A	SepQ20 % mid-point guide.	FY21F	FY22F
Copper produced (kt)	65	70	72	67-70	67-70	**19**	**28%**	70	73
Gold produced (koz)	39	44	42	36-40	36-40	**12**	**31%**	39	40
Ore mined (Mt)	1.7	1.6	1.7	1.6	1.6	**0.3**	**21%**	1.5	1.6
Ore processed (Mt)	1.6	1.6	1.6	1.6	1.6	**0.4**	**26%**	1.6	1.6
Mined grade – copper (%)	4.1%	4.6%	4.7%	4.7%	4.7%	**5.1%**	**109%**	4.9%	4.9%
Mined grade – gold (g/t)	1.60	1.88	1.75	1.50	1.50	**1.80**	**120%**	1.57	1.60
Copper recovery	91%	92%	93%	92%	92%	**93%**	**101%**	92%	92%
Gold Recovery	45%	47%	46%	48%	49%	**49%**	**101%**	48%	48%
Concentrate produced (kt)	268	288	308	285	290	**82**	**28%**	293	303
Concentrate grade copper (%)	24%	24%	24%	24%	24%	**24%**	**99%**	24%	24%

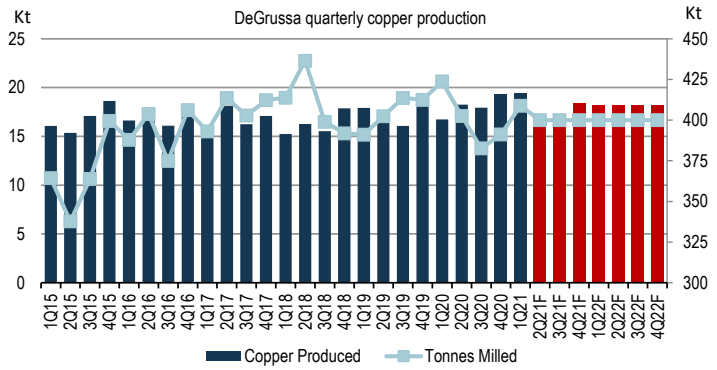
Source: Company data, Credit Suisse estimates

Figure 2: DeGrussa operating cost profile

(US$/lb)	FY18A	FY19A	FY20A	FY21 Guidance	FY21 Guidance (updated)	SepQ20A	SepQ20 % mid-point guide.	FY21F	FY22F
Mining (net of development)	0.44	0.40	0.42			**0.51**		0.57	0.56
Processing	0.30	0.28	0.25			**0.25**		0.26	0.26
Business services	0.11	0.11	0.12			**0.12**		0.12	0.12
Transport, treatment and refining	0.44	0.44	0.38			**0.36**		0.47	0.51
C1 cost (pre-by product credit)	**1.30**	**1.22**	**1.18**			**1.24**		**1.42**	**1.45**
By-product credit (gold)	(0.37)	(0.39)	(0.46)			**(0.71)**		(0.59)	(0.54)
C1 cost	**0.93**	**0.83**	**0.72**	**0.90-0.95**	**0.85-0.90**	**0.53**	**61%**	**0.83**	**0.91**
Royalties	0.17	0.15	0.14			**0.19**		0.16	0.14
Production cost	**1.10**	**0.98**	**0.86**			**0.72**		**1.00**	**1.04**
Depreciation and amortisation	0.73	0.68	0.87			**0.69**		0.91	0.75
Total production cost	**1.83**	**1.66**	**1.73**			**1.41**		**1.90**	**1.79**

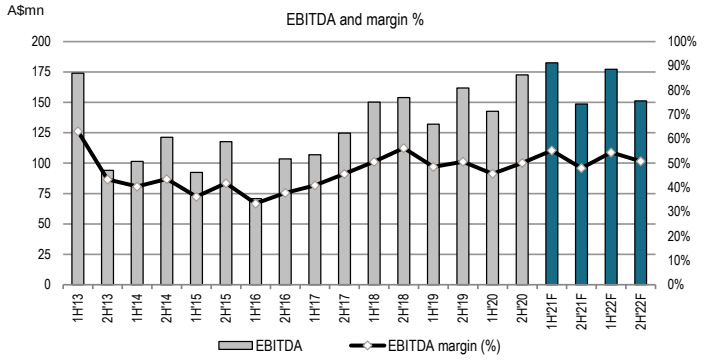
Source: Company data, Credit Suisse estimates

Figure 3: DeGrussa throughput and Cu production



Source: Company data, Credit Suisse estimates

Figure 4: EBITDA and margin profile



Source: Company data, Credit Suisse estimates

Black Butte – put on ice

Black Butte's Feasibility Study (FS) was disappointing, revealing a project that – based on the economic assumptions and outcome put forward, and on the balance of various operating, commodity price and financial risks – does not look worth developing.

We note that the FS was based on Johnny Lee deposit only and its maiden Reserve. It does not include the Lowry deposit which offers potential upside on an increased resource potential. This will be subject to ongoing exploration success, permitting and incorporation into mine plan, all of which are possible but not guaranteed.

At this juncture however **it appears development of the project has been put on ice.** On the result call, management indicated it wasn't willing to develop BB based on the current FS terms, with development needing enhanced project economics which is possible from exploration success and/or inclusion of Lowry. It also indicated that it had invested little in exploration under its six years ownership with its focus instead on permitting, which has proven time consuming and challenging. That permitting has been achieved is a success, and provides a platform for future project optimisation and enhancement, but it does not mean the project in its current form works. And that, for us, is a disappointing outcome after all these years.

Running some simple sensitivities on the project's post tax US$78mn NPV, we see that NPV can quickly become a doughnut (zero), or negative. Accounting for the stated +15% flex in capex estimate reduces the *post-tax* NPV by US$41mn (53%). Reducing the Cu price assumption by 10% to US$2.88/lb (vs CS LT US$3/lb) reduces the *pre-tax* NPV value to US$30mn (from US$125mn). Other sensitivities include using a higher 8% WACC aligning with our SFR group WACC, a higher corporate tax rate which is a potential under a Biden-elected government. These are all before factoring risk of project delays, capex overruns, cost escalation or mine performance / grade reconciliation issues, all of which are risks inherent in new mining projects. Economic returns do not factor in the $60mn already sunk into the project.

In time, additional work should deliver an improved project and a project worthy of development, but in its current form **we cannot see it advancing, nor sold for any material value, and subsequently attribute nil value for it in our group valuation**.

Reserve & Resources:

- Johnny Lee Reserve: 8.8Mt at 2.6% Cu for 226.1kt Cu (RSC 13.6Mt, 2.9%, 391kt)
- Lowry Resource, Inferred (excluded from FS): 8.3Mt at 2.4% Cu for 199.5kt Cu

Key FS assumptions include:

- Production ~23kt pa Cu at C1 cash cost US$1.51/lb, AISC US$1.63/lb.
- 8 year mine life at processing rate 1.2Mt pa. Total LOM production 805Mt Cu concentrate containing 189.5kt Cu (23.5% grade).
- Capex US$275mn at +/- 15% accuracy
- NPV US$77.8mn post tax, at a 5% WACC, and presumably at 21% US corporate tax
- Project payback 3 years from commissioning

Figure 5: Johnny Lee project capex US$274.7mn +/-15%

Area	Capital Cost $M
Mining	$65.1
Site Infrastructure	$91.4
Mineral Processing & WTP	$72.7
Project In-directs (EPCM & Owner Costs)	$20.5
Contingencies (mine, process, infrastructure & in-directs)	$25.0
Total Project	**$274.7**

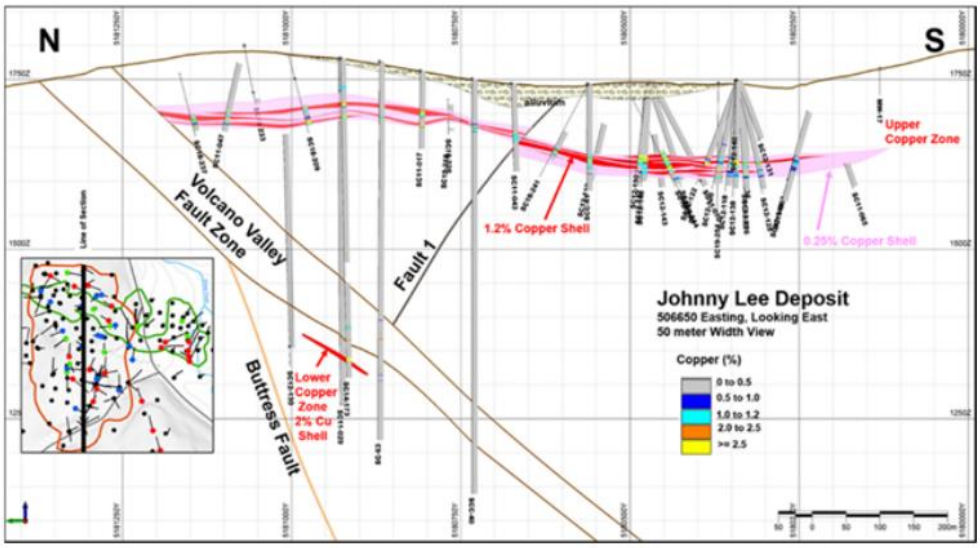
Source: Company data

Figure 6: Sensitivity vs base case NPV US$124.9mn (pre-tax)

Black Butte Copper Project - FS Case Pre-Tax NPV Sensitivity Impacts					
Sensitivity Variables	Confidence Ranges		$ Millions , Pre-Tax		NPV @ 5%
	Worst	Best	Worst	Best	Point
Cu Selling Price	-10%	10%	$30	$216	$125
Cu Grade	-10%	10%	$33	$214	$125
Cu Recovery	-10%	10%	$33	$214	$125
Concentrate Shipping Costs - Land	10%	-10%	$116	$130	$125
Opex - Mining	10%	-10%	$108	$138	$125
Opex - Process	10%	-10%	$107	$140	$125
Capital - Mining	10%	-10%	$113	$133	$125
Capital - Process & Admin	10%	-10%	$105	$142	$125

Source: Company data

Figure 7: Johnny Lee cross section; Mineralisation sits within a gently folded sequence



Source: Company data

Commodity prices

Figure 8: CS commodity/FX prices used in our modelling

		CY18A	CY19A	*1Q20A*	*2Q20A*	*3Q20A*	*4Q20F*	CY20F	CY21F	CY22F	LT	Spot
Copper	US¢/lb	296	273	*255*	*243*	*296*	*280*	269	280	260	300	**308**
Gold	US$/oz	1,269	1,392	*1,581*	*1,713*	*1,911*	*2,030*	1,809	2,500	2,200	1,400	**1,902**
FX	AUDUSD	0.748	0.695	*0.66*	*0.66*	*0.71*	*0.70*	0.683	0.750	0.750	0.750	**0.714**

Source: Refinitiv, Credit Suisse estimates

Earnings changes

Figure 9: Earnings change summary

		FY21			FY22			FY23		
		Old	New	% change	Old	New	% change	Old	New	% change
Total Net Revenue*	**A$mn**	639	**640**	0%	585	**623**	7%	207	**207**	0%
EBITDA	**A$mn**	334	**331**	-1%	325	**328**	1%	2	**2**	0%
DeGrussa EBIT	A$mn	229	**237**	4%	238	**234**	-2%	0	**0**	-
Other	A$mn	0	**0**	-	0	**0**	-	0	**0**	-
Operational EBIT	**A$mn**	229	**237**	4%	238	**234**	-2%	-5	**1**	111%
Depreciation & Amortisation	A$mn	-201	**-189**	6%	-151	**-160**	-6%	-20	**-14**	28%
EBIT	**A$mn**	133	**142**	7%	174	**169**	-3%	-18	**-12**	31%
Net Interest	A$mn	5	**5**	1%	6	**6**	-1%	7	**7**	0%
NPBT	A$mn	139	**148**	6%	181	**175**	-3%	-11	**-5**	51%
Taxation	A$mn	-42	**-44**	-6%	-54	**-53**	3%	3	**2**	-51%
Minorities	A$mn	0	**0**	-	0	**0**	-	0	**0**	-
NPAT (operating)	**A$mn**	97	**103**	6%	126	**123**	-3%	-8	**-4**	51%
EPS (operating)	A$/sh	0.54	**0.58**	6%	0.71	**0.69**	-3%	-0.04	**-0.02**	51%

**Net of treatment & refining expenses*

Source: Company data, Credit Suisse estimates

Valuation

Figure 10: NPV – base case

	DCF		Risk	Attributable NPV	
Operational	A$mn	A$/sh	Weighting	A$mn	A$/sh
DeGrussa	471	2.64	100%	471	2.64
MOD T3	335	1.88	70%	235	1.32
Black Butte	0	0.00	30%	0	0.00
Sub-Total	**806**	**4.52**		**705**	**3.96**
Non-Operational					
Net Cash/(Debt) 30 Jun	279	1.56	100%	279	1.56
Corporate	-80	-0.45	100%	-80	-0.45
Equity Interests	29	0.16	100%	29	0.16
Sub-Total	**228**	**1.28**		**228**	**1.28**
Total	**1,034**	**5.80**		**934**	**5.24**

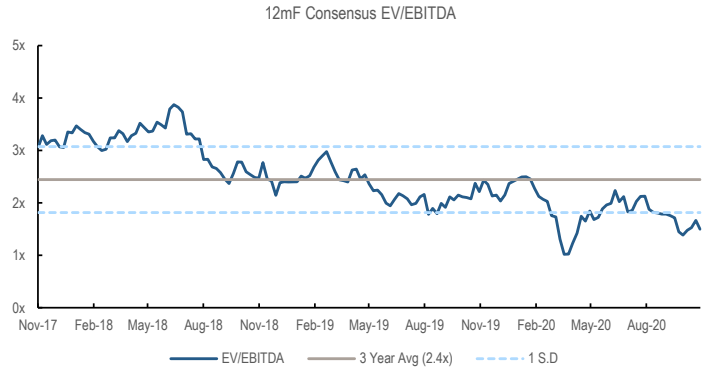
Source: Company data, Credit Suisse estimates

Figure 11: NPV – spot commodity/FX scenario

	DCF		Risk	Attributable NPV	
Operational	A$mn	A$/sh	Weighting	A$mn	A$/sh
DeGrussa	549	3.08	100%	549	3.08
MOD T3	448	2.51	70%	314	1.76
Black Butte	0	0.00	30%	0	0.00
Sub-Total	**997**	**5.59**		**863**	**4.84**
Non-Operational					
Net Cash/(Debt) 30 Jun	279	1.56	100%	279	1.56
Corporate	-80	-0.45	100%	-80	-0.45
Equity Interests	29	0.16	100%	29	0.16
Sub-Total	**228**	**1.28**		**228**	**1.28**
Total	**1,225**	**6.87**		**1,091**	**6.12**

Source: Company data, Credit Suisse estimates

Figure 12: 12mF Consensus EV/EBITDA; 3 year average 2.4x



Source: Bloomberg, Credit Suisse estimates

Figure 13: 12mF Consensus P/E; 3 year average 7.4x

Source: Bloomberg, Credit Suisse estimates

- Target Price $5.25/sh. Rating OUTPERFORM on valuation.
- We set our value at our NPV, 8% WACC, attributing 100% of DeGrussa/Monty value, 70% of our MOD T3/A4 value to account for estimation and execution risk, and zero value for Black Butte. Group valuation on CS commodity price deck is $5.25, on more favourable spot Cu/Au pricing it is $6.12.

CREDIT SUISSE

Super Retail Group

The right place and the right time

SUL.AX

Target price (12M, A$)
12.21

Outperform[V]

Specialty Softlines | Increase Target Price

- The strength of the 1Q21 sales result likely surprised even the more bullish investors on SUL with group sales +25% and gross margin +200 bp in the first 17 weeks of FY21 (forecast 18% and 20 bp for the 1H21, respectively). With a business portfolio heavily weighted to domestic leisure related activity and international travel likely to remain heavily curtailed, we see SUL benefiting from a multi-year elevated level of domestic leisure expenditure. Auto and Sports have market leading positions, brands have strengthening digital positions and the stock is cheap relative to peers (SUL14x vs AXJI 23x, BAP 25x, KMD 15x FY21). We increase our target price to A$12.21 (prev A$11.83). We upgrade earnings to reflect the stronger-than-expected margin outcome.
- For the Auto (comp sales +21%) and BCF (comp sales +61%) divisions, sales growth for the first 17 weeks of FY21 remained consistent with the first seven weeks. Sales at Rebel Sports (+16% for 17 weeks) slowed to a mid-to-high single digit rate of growth in the latter 10 weeks of the period which was mainly due to lower promotional activity – a decision taken to preserve inventory. Hence, a softer sales outcome was counter-balanced with stronger gross margin. Inventory is described as adequate. Online sales growth exceeded 100% in each brand due to the significant investment in digital capability undertaken in recent years. Macpac underperformance can be largely attributed to Melbourne and Auckland temporary store closures.
- Sales and margin are likely to remain strong through FY21. The pcp was significantly negatively impacted by bush fires in the December – February period and then Easter was a non-event from a domestic leisure perspective due to the first COVID-19 lockdowns in Australia and New Zealand.

Previous target price (12M, A$)	11.83
Price (28 Oct,A$)	11.70
Market cap (A$mn)	2,641.9
Yr avg. mthly trading (A$mn)	208.3
Projected return:	
Capital gain (%)	4.4
Dividend yield (net %)	4.4
Total return (%)	8.8

[V] = Stock Considered Volatile (see Disclosure Appendix)

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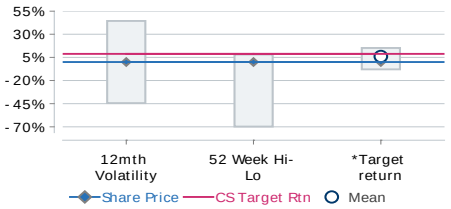
Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Revenue (A$ mn)	2,825	3,277	3,172	3,202
EBITDA (A$ mn)	533	599	579	583
EBIT (A$ mn)	265	329	307	308
Net Income (Adj.) (A$ mn)	148	202	191	193
EPS (Adj.) (Ac)	74.37	88.82	83.78	85.05
Change from previous EPS (%)	n.a.	10.0	(0.2)	(0.3)
EPS growth (%)	(2.9)	19.4	(5.7)	1.5
Consensus EPS (Ac)	74.40	75.60	75.60	79.00
P/E (x)	15.7	13.2	14.0	13.8
Dividends (Ac)	19.50	52.69	50.32	50.98
Dividend yield (%)	1.7	4.5	4.3	4.4
Price/Book (x)	2.6	2.3	2.2	2.0
Net debt/EBITDA (x)	1.7	1.5	1.5	1.4

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	7.64	44.27	25.71
Relative (%)	5.86	44.16	35.91

Super Retail Group (SUL.AX / SUL AU)

Analyst: **Grant Saligari**

Price (28 Oct 2020): **A$11.7** Target Price: **(from A$11.83) A$12.21** Rating: **Outperform [V]**

Income Statement	6/20A	6/21E	6/22E	6/23E
Revenue	**2,825**	**3,277**	**3,172**	**3,202**
EBITDA	**533**	**599**	**579**	**583**
Depr. & Amort.	(268)	(270)	(272)	(275)
EBIT	**265**	**329**	**307**	**308**
Associates	-	-	-	-
Net interest exp.	(55)	(40)	(35)	(31)
Other	0	0	0	0
Profit before tax	**210**	**289**	**272**	**276**
Income tax	(62)	(87)	(82)	(83)
Profit after tax	**148**	**202**	**191**	**193**
Minorities	-0	-0	-0	-0
Preferred dividends	-	-	-	-
Associates & Other	0	0	0	0
Normalised NPAT	**148**	**202**	**191**	**193**
Unusual item after tax	(38)	0	0	0
Net profit (Reported)	**110**	**202**	**191**	**193**

Balance Sheet	6/20A	6/21E	6/22E	6/23E
Cash & equivalents	285	211	226	298
Inventories	502	625	652	648
Receivables	26	43	45	44
Other current assets	0	0	0	0
Current assets	**814**	**879**	**923**	**991**
Property, plant & equip.	228	266	307	349
Intangibles	874	841	807	773
Other non-current assets	859	855	849	858
Non-current assets	**1,961**	**1,962**	**1,963**	**1,979**
Total assets	**2,775**	**2,841**	**2,886**	**2,970**
Payables	442	423	441	438
Interest bearing debt	1,187	1,133	1,076	1,086
Other liabilities	154	154	154	154
Total liabilities	**1,784**	**1,710**	**1,671**	**1,678**
Net assets	**991**	**1,131**	**1,214**	**1,292**
Ordinary equity	991	1,131	1,214	1,292
Minority interests	0	0	0	0
Preferred capital	-	-	-	-
Total shareholder funds	**991**	**1,131**	**1,214**	**1,292**
Net Debt	902	922	850	787

Cash Flow	6/20A	6/21E	6/22E	6/23E
EBIT	265	329	307	308
Net Interest	(17)	(3)	2	6
Depr & Amort	268	270	272	275
Tax Paid	(41)	(87)	(82)	(83)
Change in Working capital	149	(159)	(11)	2
Other cash and non-cash items	(68)	(37)	(37)	(37)
Operating cash flow	**557**	**313**	**452**	**470**
Capex	(68)	(100)	(104)	(107)
Capex - expansionary	*(9)*	*(6)*	*(7)*	*(8)*
Capex - Maintenance	*(59)*	*(94)*	*(97)*	*(99)*
Acquisitions & Invest	(0)	(0)	(0)	(0)
Asset sale proceeds	1	1	1	1
Other	-	-	-	-
Investing cash flow	**(68)**	**(100)**	**(103)**	**(107)**
Dividends paid	(56)	(105)	(108)	(116)
Equity raised	157	44	0	0
Net borrowings	(140)	(50)	(50)	0
Other financing cash in/(outflows)	(172)	(176)	(175)	(176)
Financing cash flow	**(211)**	**(288)**	**(333)**	**(292)**
Total cash flow	**278**	**(74)**	**16**	**72**
Adjustments	-	-	-	-
Movement in cash/equivalents	**278**	**(74)**	**16**	**72**

Source: Company Data, Credit Suisse Estimates

Earnings	6/20A	6/21E	6/22E	6/23E
Equiv. FPO (period avg) (mn)	199	227	227	227
EPS (CS adj.) (c)	74.4	88.8	83.8	85.1
EPS growth (%)	(2.9)	19.4	(5.7)	1.5
DPS (c)	19.5	52.7	50.3	51.0
Dividend Payout (%)	26.2	59.3	60.1	59.9
Free CFPS (c)	249.7	96.1	156.1	163.2
Valuation	**6/20A**	**6/21E**	**6/22E**	**6/23E**
P/E (CS) (x)	15.7	13.2	14.0	13.8
PEG (x)	(5.5)	0.7	(2.5)	9.0
EV/EBIT (x)	13.4	10.8	11.4	11.2
EV/EBITDA (x)	6.6	6.0	6.0	5.9
Dividend Yield (%)	1.7	4.5	4.3	4.4
FCF Yield (%)	21.3	8.2	13.3	13.9
Price to book (x)	2.6	2.3	2.2	2.0
Returns	**6/20A**	**6/21E**	**6/22E**	**6/23E**
Return on Equity (%)	15.0	17.9	15.7	15.0
Profit Margin (%)	5.2	6.2	6.0	6.0
Asset Turnover (x)	1.0	1.2	1.1	1.1
Equity Multiplier (x)	2.8	2.5	2.4	2.3
Return on Assets (%)	5.3	7.1	6.6	6.5
Return on Invested Cap. (%)	9.9	11.2	10.4	10.4
Gearing	**6/20A**	**6/21E**	**6/22E**	**6/23E**
ND/ND+E (%)	47.6	44.9	41.2	37.9
Net Debt to EBITDA (x)	1.7	1.5	1.5	1.4
Int Cover (EBITDA) (x)	9.7	14.9	16.6	18.7
Int Cover (EBIT) (x)	4.8	8.2	8.8	9.9
Capex to Sales (%)	2.4	3.1	3.3	3.3
Capex to Depr (%)	29.0	42.3	43.6	44.5
EBIT Segmentals	**06/20A**	**06/21E**	**06/22E**	**06/23E**
Auto	134.9	152.4	144.8	143.6
% chg	11.9	13.0	(5.0)	(0.8)
Sports	96.6	119.6	105.0	105.9
% chg	3.0	23.8	(12.2)	0.8
BCF	15.7	36.0	33.8	34.0
% chg	(24.5)	129.0	(6.1)	0.8
AASB16 adjustment	28.9	28.8	28.7	28.9
% chg		(0.3)	(0.4)	0.6
Macpac	7.2	10.8	14.0	14.9
% chg	(44.6)	50.4	29.2	6.3
Other	(18.3)	(18.8)	(19.2)	(19.7)
% chg	(9.0)	2.5	2.5	2.5
Total EBIT	**265.0**	**328.9**	**307.1**	**307.5**

Share price performance

On 28-Oct-2020 the S&P ASX 200 Index closed at 6057.7
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

Earnings changes

Figure 1: Earnings changes (A$mn unless otherwise stated)

	FY21F			FY22F			FY23F		
	New	Previous	Change	New	Previous	Change	New	Previous	Change
SSS growth Auto	11.4%	8.7%	2.7ppt	-2.8%	-0.4%	-2.4ppt	0.0%	0.0%	0.0ppt
SSS growth BCF	34.0%	28.1%	5.8ppt	-15.4%	-11.8%	-3.7ppt	3.1%	3.1%	0.0ppt
SSS growth Macpac	11.7%	14.6%	-2.8ppt	10.4%	10.4%	0.1ppt	4.7%	4.7%	-0.1ppt
SSS growth Sports	13.0%	12.8%	0.2ppt	-2.3%	-2.2%	-0.2ppt	2.0%	2.0%	0.0ppt
Auto	1260	1229	2%	1252	1251	0%	1252	1252	0%
BCF	717	685	5%	620	618	0%	627	625	0%
Macpac	149	153	-2%	175	179	-2%	185	189	-2%
Sports	1152	1150	0%	1125	1125	0%	1137	1137	0%
Group Sales	3277	3217	2%	3172	3174	0%	3202	3204	0%
Group EBITDA post AASB16	599	573	5%	579	580	0%	583	584	0%
Auto	152	142	8%	145	145	0%	144	144	0%
BCF	36	32	12%	34	33	2%	34	34	2%
Macpac	11	11	-3%	14	14	-3%	15	15	-3%
Sports	120	108	11%	105	106	-1%	106	107	-1%
Other	-19	-19	0%	-19	-19	0%	-20	-20	0%
Group EBIT pre AASB16	300	274	10%	278	279	0%	279	280	0%
AASB16 adjustment	29	29		29	29		29	29	
Group EBIT post AASB16	329	303	9%	307	308	0%	308	308	0%
Group NPAT (pre-significant items, post AASB16)	202	184	10%	191	191	0%	193	194	0%
Group EPS A$/share	0.89	0.81	10%	0.84	0.84	0%	0.85	0.85	0%

Source: Company data, Credit Suisse estimates

CREDIT SUISSE

Telstra Corporation

InfraCo valuation implies remaining operations valued at under 4x EBITDA

Integrated Telecommunication Services | Company Update

TLS.AX

Target price (12M, A$)
3.85

Outperform

- **Investor Day to provide further detail on InfraCo …** TLS is scheduled to hold an investor day on 12 Nov, with the company indicating it will provide further detail on (1) financials for each InfraCo asset class and (2) next steps towards potential monetisation. Ahead of the investor day, we consider the likely value of InfraCo and what it implies for the remaining assets. Our analysis, which adopts an SOTP approach to valuing InfraCo, concludes that it accounts for around two thirds of TLS' current enterprise value, with a multiple of less than 4x implied for the remaining TLS operations.
- **…including earnings for the tower assets:** TLS' tower assets were only incorporated into InfraCo from the start of FY21, so the reported InfraCo earnings are yet to include any towers contribution (we'd expect further disclosure at the investor day). Based on the yields generated by European and US tower operators, we estimate that TLS' tower assets could generate EBITDA of up to A$290mn and be valued at cA$5.8bn (20x EBITDA multiple). We are wary that the earnings generated by TowerCo are dependent on establishing a commercial agreement with TLS, and so the quantum will ultimately be determined by the terms of that agreement. However, TLS has indicated that it intends to increase TowerCo's tenancy ratio over time (from c1.2-1.3x currently) so we see scope for TowerCo to maximise existing yield in order to set a benchmark for the revenue which can be generated from additional tenants.
- **Implied value for remaining operations compares favourably to global peers:** The valuation implied for TLS' remaining operations compares favourably to global peers, particularly in the US, where the underlying infrastructure is owned by tower companies but telcos still trade on c7x EBITDA. With improving dynamics in the Australian mobile market, we see scope for TLS' service operations to re-rate to similar levels.
- **Target price unchanged at A$3.85/share:** Our DCF-based target price of A$3.85/share is unchanged with further InfraCo disclosure likely to reinforce the value on offer. OUTPERFORM rating maintained.

Price (28 Oct,A$)	2.70
Market cap (A$mn)	32,111.9
Yr avg. mthly trading (A$mn)	1,992.3
Projected return:	
Capital gain (%)	42.6
Dividend yield (net %)	5.9
Total return (%)	48.5

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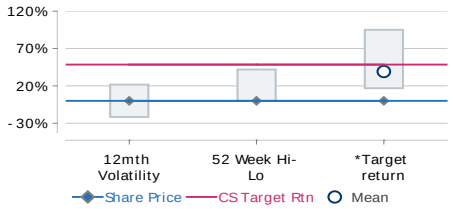
Financial and valuation metrics

Year	6/20A	6/21E	6/22E	6/23E
Revenue (A$ mn)	23,710	22,750	23,173	23,749
EBITDA (A$ mn)	8,416	7,655	7,339	7,574
EBIT (A$ mn)	3,572	3,112	3,105	3,483
Net Income (Adj.) (A$ mn)	1,819	1,699	1,774	2,045
EPS (Adj.) (Ac)	15.29	14.28	14.92	17.20
Change from previous EPS (%)	n.a.	0.0	0.0	0.0
EPS growth (%)	(15.5)	(6.6)	4.4	15.3
Consensus EPS (Ac)	15.30	13.60	14.00	15.10
P/E (x)	17.7	18.9	18.1	15.7
Dividends (Ac)	16.00	16.00	16.00	16.00
Dividend yield (%)	5.9	5.9	5.9	5.9
Price/Book (x)	2.2	2.3	2.3	2.2
Net debt/EBITDA (x)	1.8	1.9	1.8	1.6

Source: Company data, Refinitiv, Credit Suisse estimates

Total return forecast in perspective



Source: Company data, Refinitiv, Credit Suisse estimates

Performance	1M	3M	12M
Absolute (%)	-4.93	-19.33	-22.55
Relative (%)	-6.70	-19.44	-12.35

Telstra Corporation (TLS.AX / TLS AU)

Analyst: **Entcho Raykovski**

Price (28 Oct 2020): **A$2.7** Target Price: **A$3.85** Rating: **Outperform**

Income Statement	6/20A	6/21E	6/22E	6/23E
Revenue	**23,710**	**22,750**	**23,173**	**23,749**
EBITDA	**8,416**	**7,655**	**7,339**	**7,574**
Depr. & Amort.	(4,844)	(4,542)	(4,234)	(4,092)
EBIT	**3,572**	**3,112**	**3,105**	**3,483**
Associates	-	-	-	-
Net interest exp.	(771)	(669)	(554)	(562)
Other	0	0	0	0
Profit before tax	**2,801**	**2,443**	**2,551**	**2,921**
Income tax	(957)	(728)	(760)	(877)
Profit after tax	**1,844**	**1,715**	**1,790**	**2,044**
Minorities	(20)	-0	-0	-0
Preferred dividends	-	-	-	-
Associates & Other	(5)	(16)	(16)	2
Normalised NPAT	**1,819**	**1,699**	**1,774**	**2,045**
Unusual item after tax	0	0	0	0
Net profit (Reported)	**1,819**	**1,699**	**1,774**	**2,045**

Balance Sheet	6/20A	6/21E	6/22E	6/23E
Cash & equivalents	499	1,347	2,270	3,401
Inventories	418	439	448	460
Receivables	5,121	5,179	5,302	5,469
Other current assets	496	496	496	496
Current assets	**6,534**	**7,462**	**8,516**	**9,826**
Property, plant & equip.	21,499	20,796	20,327	20,115
Intangibles	7,412	6,760	6,131	5,271
Other non-current assets	8,958	8,942	8,925	8,925
Non-current assets	**37,869**	**36,497**	**35,383**	**34,311**
Total assets	**44,403**	**43,959**	**43,899**	**44,136**
Payables	3,980	3,740	3,809	3,904
Interest bearing debt	15,833	15,833	15,833	15,833
Other liabilities	9,443	9,443	9,443	9,443
Total liabilities	**29,256**	**29,016**	**29,085**	**29,180**
Net assets	**15,147**	**14,943**	**14,814**	**14,957**
Ordinary equity	14,473	14,269	14,140	14,283
Minority interests	674	674	674	674
Preferred capital	-	-	-	-
Total shareholder funds	**15,147**	**14,943**	**14,814**	**14,957**
Net Debt	15,334	14,486	13,563	12,432

Cash Flow	6/20A	6/21E	6/22E	6/23E
EBIT	3,572	3,112	3,105	3,483
Net Interest	(786)	(669)	(554)	(562)
Depr & Amort	4,844	4,542	4,234	4,092
Tax Paid	(754)	(728)	(760)	(877)
Change in Working capital	0	(320)	(62)	(84)
Other cash and non-cash items	(569)	0	0	2
Operating cash flow	**6,307**	**5,938**	**5,963**	**6,053**
Capex	(3,442)	(3,187)	(3,137)	(3,019)
Capex - expansionary	-	-	-	-
Capex - Maintenance	-	-	-	-
Acquisitions & Invest	0	0	0	0
Asset sale proceeds	291	0	0	0
Other	-	-	-	-
Investing cash flow	**(3,085)**	**(3,187)**	**(3,137)**	**(3,019)**
Dividends paid	(1,903)	(1,903)	(1,903)	(1,903)
Equity raised	0	0	0	0
Net borrowings	(1,086)	0	0	0
Other financing cash in/(outflows)	(337)	0	0	0
Financing cash flow	**(3,326)**	**(1,903)**	**(1,903)**	**(1,903)**
Total cash flow	**(104)**	**848**	**923**	**1,131**
Adjustments	(1)	0	0	0
Movement in cash/equivalents	**(105)**	**848**	**923**	**1,131**

Source: Company data, Credit Suisse estimates

Earnings	6/20A	6/21E	6/22E	6/23E
Equiv. FPO (period avg) (mn)	11,895	11,893	11,893	11,893
EPS (CS adj.) (c)	15.3	14.3	14.9	17.2
EPS growth (%)	(15.5)	(6.6)	4.4	15.3
DPS (c)	16.0	16.0	16.0	16.0
Dividend Payout (%)	104.6	112.0	107.3	93.0
Free CFPS (c)	24.1	23.1	23.8	25.5
Valuation	**6/20A**	**6/21E**	**6/22E**	**6/23E**
P/E (CS) (x)	17.7	18.9	18.1	15.7
PEG (x)	(1.1)	(2.9)	4.1	1.0
EV/EBIT (x)	13.3	15.0	14.7	12.8
EV/EBITDA (x)	5.6	6.1	6.2	5.9
Dividend Yield (%)	5.9	5.9	5.9	5.9
FCF Yield (%)	8.9	8.6	8.8	9.4
Price to book (x)	2.2	2.3	2.3	2.2
Returns	**6/20A**	**6/21E**	**6/22E**	**6/23E**
Return on Equity (%)	12.6	11.9	12.5	14.3
Profit Margin (%)	7.7	7.5	7.7	8.6
Asset Turnover (x)	0.5	0.5	0.5	0.5
Equity Multiplier (x)	3.1	3.1	3.1	3.1
Return on Assets (%)	4.1	3.9	4.0	4.6
Return on Invested Cap. (%)	7.7	7.4	7.7	8.9
Gearing	**6/20A**	**6/21E**	**6/22E**	**6/23E**
ND/ND+E (%)	50.3	49.2	47.8	45.4
Net Debt to EBITDA (x)	1.8	1.9	1.8	1.6
Int Cover (EBITDA) (x)	10.9	11.4	13.3	13.5
Int Cover (EBIT) (x)	4.6	4.7	5.6	6.2
Capex to Sales (%)	14.5	14.0	13.5	12.7
Capex to Depr (%)	104.9	107.0	117.5	119.4

Share price performance

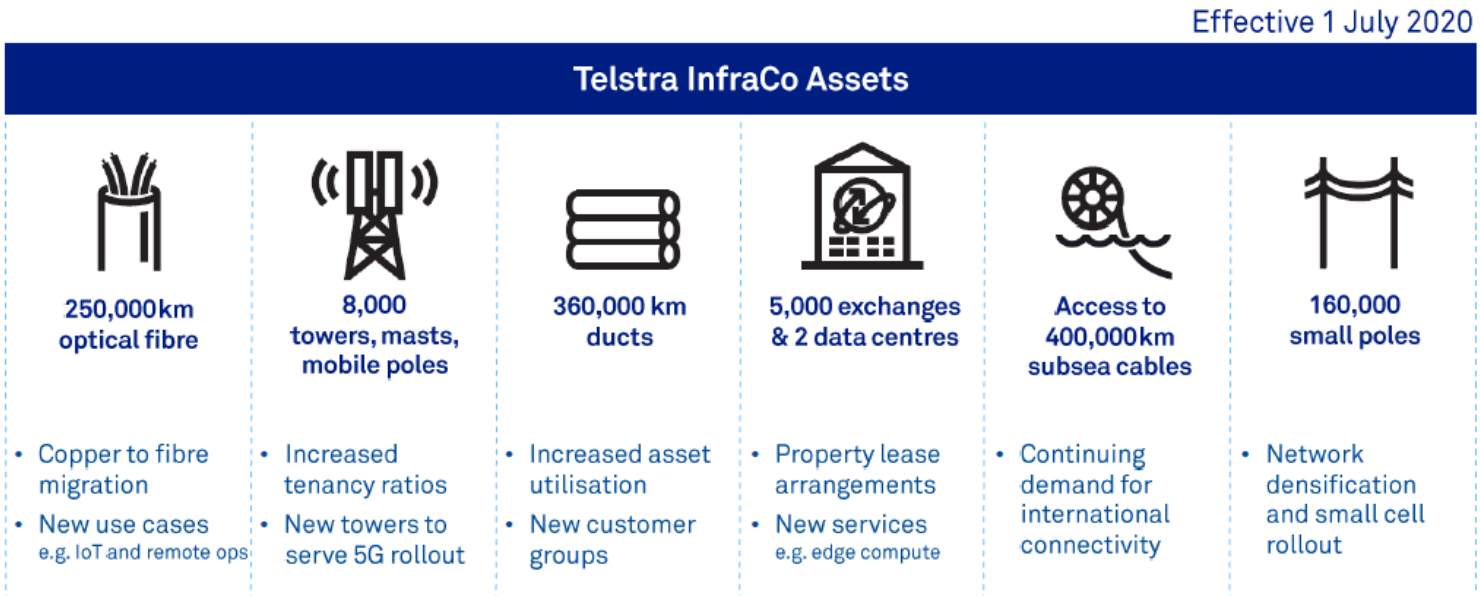
On 28-Oct-2020 the S&P ASX 200 Index closed at 6057.7
On 28-Oct-2020 the spot exchange rate was A$1.4/US$1

Investor day to provide further InfraCo detail

TLS will hold an investor day on 12 November, with the company indicating the presentations will provide further detail on InfraCo, including:

- Financials in relation to each asset class (see Figure 1 for InfraCo assets);
- The opportunities for increased operational efficiency and value generation; and
- Next steps towards potential monetisation.

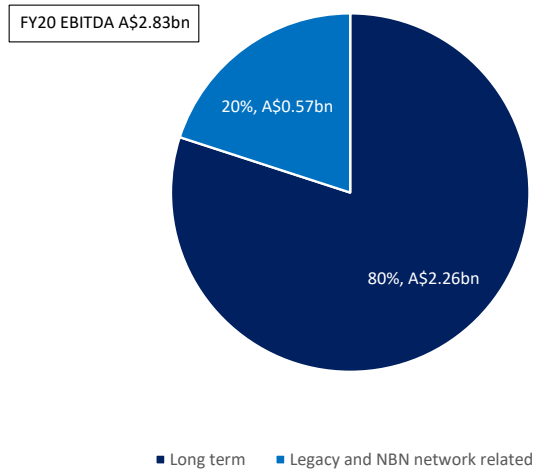
Figure 1: TLS InfraCo asset overview



Source: Company data

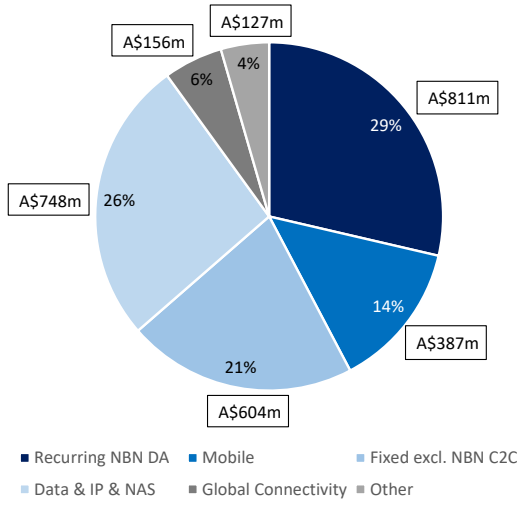
While the company has provided InfraCo's FY20 EBITDA (see below), this number doesn't include any earnings from TowerCo (which was only included from 1 July 2020) and hasn't yet broken out the contribution from each asset class (with EBITDA breakdown instead provided by product line). Ahead of the investor day disclosure, we consider in this note what valuation the market is likely to place on InfraCo's asset base and the potential contribution from TowerCo.

Figure 2: InfraCo FY20 EBITDA breakdown by asset



Source: Company data

Figure 3: InfraCo FY20 EBITDA breakdown by product line



Source: Company data

Ducts, Pits & Pipes

Other than legacy income related to TLS' copper network, we expect the earnings derived from the ducts, pits & pipes to primarily relate to the recurring revenue generated from NBN Co. While the recurring NBN payments will also include receipts for access to other infrastructure including exchanges and dark fibre, we have grouped these within the same category given the income is attributable to the same source and subject to contractual arrangements with NBN Co.

Given the visibility associated with these receipts (with contracted payments out to CY46), we apply a DCF approach to value the cash flows to TLS. While we expect the Government Guarantee for the NBN payments to TLS to fall away over time, we nonetheless apply a lower discount rate to the NBN recurring receipts than we do in valuing the rest of TLS, on the basis that NBN Co will remain a government owned entity for the foreseeable future (and is effectively government-backed). We apply a discount rate of 5.1% for the contracted receipts ($13.0bn value) and 8.0% discount rate for the terminal value ($3.6bn valuation) for a **total valuation of $16.6bn which implies an FY21 EV/EBITDA multiple of 18.2x**.

Fibre, Exchanges, Subsea Cables

To value the remaining long-term InfraCo earnings (ex Towers), we consider the trading multiples of other fibre operators globally (see Figure 4). While pure-play fibre peers are difficult to find, with offshore operators' portfolios also comprising other assets (including subsea cables), this asset composition is broadly consistent with TLS' asset base.

The **offshore peers imply an EV/EBITDA multiple in the 9-9.5x range for CY20/21** – while this is significantly lower than the multiple implied by our valuation for the NBN recurring payments, it reflects a lower level of certainty and a higher level of competition associated with procuring customers for these assets. The range is broadly consistent with the 8.9x FY21 multiple implied by our DCF for the Vocus Network Services (VNS) business, albeit VNS also incorporates the Vocus income as an NBN reseller to Enterprises, which is lower margin and not infrastructure-like so arguably deserves a slightly lower multiple.

Figure 4: FibreCo global comps

Company	Market cap (USD)	EV/EBITDA CY20F	EV/EBITDA CY21F	EV/EBITDA CY22F	Div. yield CY20F	Div. yield CY21F	Summary	Fibre kms
Telstra Corporation	**23,017**	**5.9x**	**6.5x**	**6.5x**	**5.8%**	**5.6%**	**~250,000km optical fibre across Australia**	**250,000**
Chorus	2,534	9.8x	9.6x	9.5x	2.9%	3.2%	750k fibre connections across NZ, 37,000km duct network	52,000
Cogent Communications	2,650	15.3x	14.1x	12.4x	5.0%	5.9%	~93,000km long-haul fibre, 59,000km metro fibre across North America, Europe and Asia	152,000
Lumen Technologies	9,834	4.8x	5.0x	5.2x	11.2%	11.2%	~725,000km fibre across North America, LatAm, Europe.	725,000
GTT Communications	265	8.8x	8.4x	9.5x	n/a	n/a	Tier 1 IP network with 600+ PoP. 103,000km fibre network across US and Europe, 3 transatlantic cables	103,000
Uniti Group	2,277	8.9x	8.6x	8.4x	6.7%	6.8%	~56,000km fibre across the US	56,000
FibreCo Average		**9.5x**	**9.1x**	**9.0x**	**6.4%**	**6.8%**		

Source: Company data, I/B/E/S

Towers

With its portfolio of 8,000 towers, masts and mobile poles only included in InfraCo at the start of FY21, TLS is yet to incorporate the earnings contribution from the tower assets into the reported EBITDA for InfraCo (we'd expect further disclosure at the Investor Day in November).

Given the lack of specific disclosure, we consider below the yield per tenant implied by US and European tower operators and apply this to TLS' tower portfolio to estimate the earnings likely to be generated. We set out in Figure 5 and Figure 6 our analysis for both the US and European operators. The metrics show that the US operators generally have (1) much higher tenancy ratios and (2) significantly higher yield per tenant, largely due to their operation as independent infrastructure providers who host multiple tenants. In contrast, the European operators have generally been spun out (or are in the process of being spun out) of integrated telcos, who continue to act as the anchor tenant.

Figure 5: US tower economics (based on CY19 key metrics and financials)

	American Tower	Crown Castle	SBA Communications	Average
Revenue (US$m)	4,189	4,052	1,487	
Adj. EBITDA (US$m)	3,205	2,581	1,129	
% margin	77%	64%	76%	72%
Average # Towers	40,600	40,000	16,300	
Average # Tenants	106,000	84,000	37,000	
Annual average revenue per tower (US$)	103,177	101,300	91,234	98,570
Tenancy ratio	2.6x	2.1x	2.0x	2.25x
Annual average revenue per tenant (US$)	39,519	48,238	44,900	44,219
Annual average revenue per tenant (A$)				**61,949**

Source: Company data, Credit Suisse estimates

Figure 6: European tower economics (based on CY19 key metrics and financials)

	Cellnex	Vantage Towers (FY20F)	INWIT	Telxius Towers	Average
Anchor tenant	Multiple	Vodafone plc	Telecom Italia	Telefonica	
Revenue (€m)	1,031	950	395	355	
Adj. EBITDA (€m)	686	523	236	n/a	
% margin	67%	55%	60%	n/a	60%
Average # Towers	26,300	46,000	11,200	17,500	
Annual average revenue per tower (€)	39,202	20,652	35,304	20,286	28,861
Tenancy ratio	1.53x	1.40x	1.92x	1.36x	1.55x
Annual average revenue per tenant (€)	25,622	14,752	18,435	14,916	18,431
Annual average revenue per tenant (A$)					**30,535**

Source: Company data, Credit Suisse estimates

We note that while TLS' towers are subject to an open access regulatory regime (governed by the Facilities Access Code), TLS remains the only tenant for the bulk of its towers portfolio – we estimate that 20-30% of TLS' towers have other tenants' equipment on them, implying a tenancy ratio of 1.2-1.3x. As such, TLS' TowerCo is more likely to resemble the European operators – however, while TLS will want to maintain its competitive position, the company has spoken about increasing tenancy ratios and building new towers which can support both TLS and other industry operators.

We understand that TLS is currently in the process of establishing a commercial agreement with TowerCo, which will determine the yield per tower – given TLS' stated objective to increase tenancy ratios over time, a higher yield would also provide a benchmark for the revenue which can be generated from additional tenants. On this basis, we see scope for Telstra TowerCo's yield per tenant to be higher than the European operators but acknowledge this will ultimately depend on the agreements struck between TLS and TowerCo.

Taking this into account, we set out in Figure 7 our estimates for Telstra TowerCo's revenues and EBITDA – we apply (1) an average of US/European operators' revenue per tenant as a proxy for Telstra TowerCo's revenues and (2) the EBITDA margin of European operators, given their tenancy ratios are closer to that of Telstra TowerCo (and with efficiencies likely generated from a greater number of tenants).

Figure 7: Telstra TowerCo earnings estimates

TowerCo # towers	8,000
TowerCo tenancy ratio (est.)	1.30x
TowerCo tenants (est.)	10,400

	US comps	Europe comps	Telstra TowerCo
Annual average revenue per tenant (A$)	62,036	30,505	46,270
TowerCo tenants	10,400	10,400	10,400
Implied TowerCo revenue (A$m)	**645.2**	**317.3**	**481.2**
EBITDA margin %	72%	60%	60%
Implied TowerCo EBITDA (A$m)	**464.8**	**191.7**	**290.8**

Source: Company data, Credit Suisse estimates

Note: Telstra TowerCo revenue per tenant based on average of US/European operators; EBITDA margin based on average of European operators

Consistent with the higher yield generation and better margins, the US tower operators trade on higher multiples than their European peers (see Figure 8). However, while we see scope for Telstra TowerCo's yield per tenant to be higher than the European operators (as noted above), we view it as most likely that the market will apply a multiple for TowerCo which is closer to that of the European operators (of c20x EV/EBITDA) on the basis that they have generally been spun out of integrated telcos.

This is also consistent with the targeted EV for Vodafone Group's tower assets of €12-16bn (IPO planned for early CY21) which at the mid-point implies a multiple of 20.6x on FY20 pro-forma EBITDA of €680mn.

Figure 8: TowerCo global comps

Company	Market cap (USD)	EV/EBITDA CY20F	EV/EBITDA CY21F	EV/EBITDA CY22F	Div. yield CY20F	Div. yield CY21F	Summary	no. Towers
Telstra Corporation	**23,017**	**5.9x**	**6.5x**	**6.5x**	**5.8%**	**5.6%**	**8k towers across Australia**	**8,000**
American Tower	104,754	25.8x	24.0x	22.7x	1.9%	2.2%	Towers in US (~41k), LatAm (~41k), India (~75k), Africa (~15k) and Europe (~5k)	181,000
Crown Castle	67,403	25.3x	23.6x	22.2x	3.0%	3.3%	40k towers in the US	40,000
SBA Communications	33,786	29.9x	27.8x	25.9x	0.6%	0.7%	Towers in the US (~16k), LatAm and South Africa	32,000
TowerCo US average		**27.0x**	**25.1x**	**23.6x**	**1.8%**	**2.1%**		
Cellnex Telecom	30,770	26.2x	22.1x	20.6x	0.1%	0.1%	~35k towers across Europe including Italy, UK, France, Switzerland, Ireland, Portugal and Spain	34,800
INWIT	10,561	20.5x	18.0x	16.2x	2.9%	2.4%	Tower spin-out from Telecom Italia in 2015, merged with Vodafone Italy's towers (~11k) in Mar-20	22,000
TowerCo Europe average		**23.3x**	**20.0x**	**18.4x**	**1.5%**	**1.3%**		
China Tower	28,706	4.6x	4.3x	4.1x	1.8%	2.6%	Majority owned by mobile operators China Mobile, China Unicom, and China Telecom	1,994,000

Source: Company data, I/B/E/S

InfraCo valuation

Taking into account the individual components of InfraCo, we set out in Figure 9 and Figure 10 our valuation for InfraCo and the implied value for the remainder of Telstra's operations (effectively the ServiceCo component) – we note our valuation of InfraCo excludes the contribution from legacy assets (and so is applied to the 80% of earnings, which are sustainable) and includes the towers.

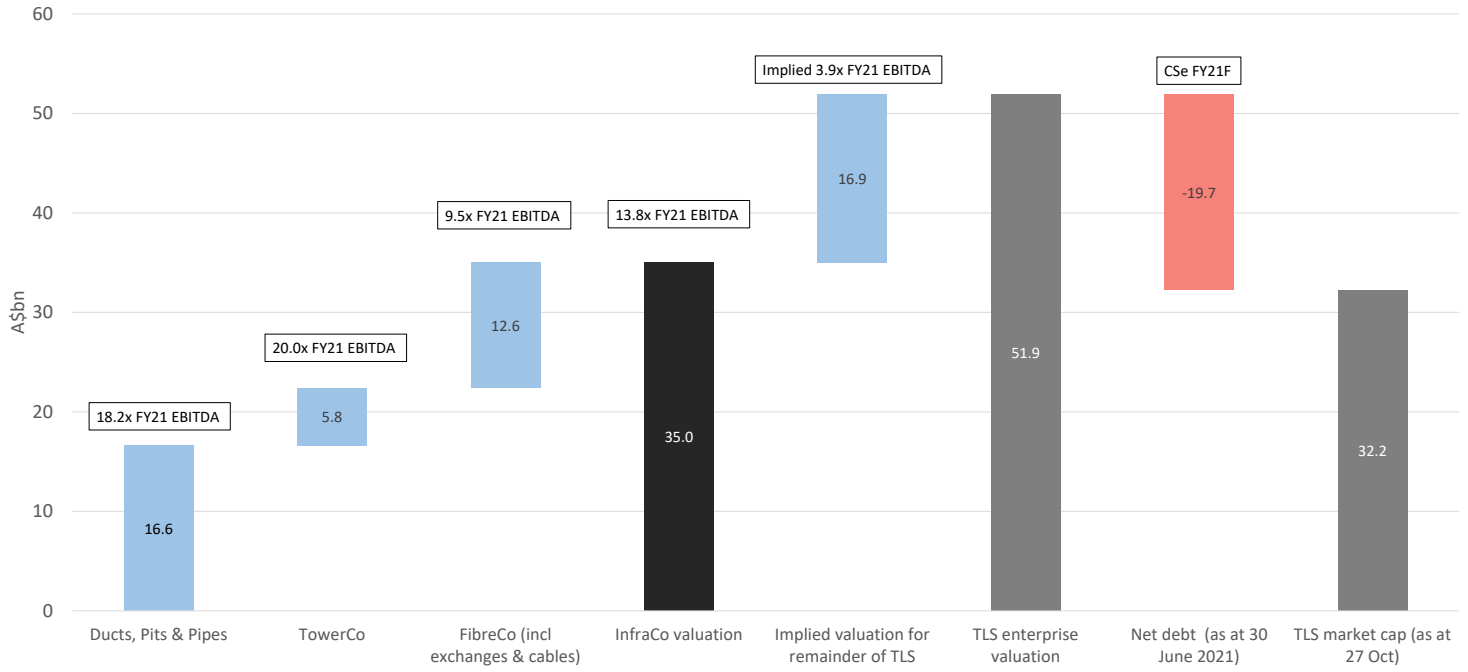
Based on this analysis, InfraCo currently accounts for close to two thirds of TLS' enterprise value with a multiple of less than 4x implied for the remaining TLS assets. We exclude one-off NBN income for the purposes of calculating the implied multiple, given this income will largely fall away after FY21.

Figure 9: Implied valuation for remainder of TLS based on current trading levels

Y/E June A$m	EBITDA (A$m) FY21F	Multiple FY21F	Valuation A$m	A$ps	Comment
Ducts, Pits & Pipes	911	18.2x	16,599	1.40	DCF valuation; 5.1% discount rate
FibreCo (incl exchanges & cables)	1,329	9.5x	12,623	1.06	EBITDA multiple based on offshore peers
InfraCo (ex Towers)	**2,240**	**13.0x**	**29,221**	**2.46**	**Valuation of long term InfraCo earnings (ex Towers)**
TowerCo	291	20.0x	5,815	0.49	EBITDA multiple based on European tower peers
Total InfraCo valuation	**2,531**	**13.8x**	**35,037**	**2.95**	**Valuation of long term InfraCo earnings (excludes legacy earnings)**
Implied valuation for remainder of TLS	4,309	3.9x	16,890	1.42	Implied multiple based on Underlying EBITDA
TLS enterprise valuation	**6,840**	**7.6x**	**51,926**	**4.37**	
Net debt (as at 30 June 2021)			19,696	1.66	CSe as at 30 June 2021
TLS market cap (as at 27 Oct)			**32,231**	**2.71**	Based on share price as at 27 Oct

Source: Company data, Credit Suisse estimates

Figure 10: CSe InfraCo valuation and implied valuation for remaining TLS operations



Source: Company data, Credit Suisse estimates

Given we've made certain assumptions around TowerCo earnings, we present in Figure 11 the sensitivity of the implied multiple for TLS' other assets to (1) the assumed TowerCo earnings and (2) the multiple applied to those earnings. This shows that even if we were to assume a more modest A$200mn EBITDA contribution from TowerCo and only apply a 15x multiple to value those earnings, the implied value for the remainder of TLS is a fairly undemanding 4.5x.

Figure 11: Implied multiple for remainder of TLS – sensitivity to (1) TowerCo EBITDA and (2) TowerCo valuation multiple

		TowerCo FY21e EBITDA (A$m)				
		200	250	291	350	400
TowerCo multiple (x)	15.0x	4.5x	4.4x	4.3x	4.1x	4.0x
	17.5x	4.4x	4.2x	4.1x	3.9x	3.7x
	20.0x	4.3x	4.1x	**3.9x**	3.7x	3.5x
	22.5x	4.1x	3.9x	3.8x	3.5x	3.3x
	25.0x	4.0x	3.8x	3.6x	3.3x	3.0x

Source: Credit Suisse estimates

The implied valuation of 3.9x for TLS' remaining assets compares reasonably favourably to global peers, particularly in the US (see below), with the multiples for European operators generally reflecting greater competitive intensity in the region.

We view the Australian mobile market as reaching somewhat of an inflection point, which would justify a higher multiple for the Telstra ServiceCo operations – while our target price of A$3.85/share implies a multiple for TLS' remaining assets of c7x, we believe an improvement in mobile pricing can drive a re-rate to these levels. In the meantime, we expect additional disclosure (and details of a path to monetisation) at TLS' investor day next month to highlight the value of InfraCo and attractiveness at current trading levels.

Figure 12: Global integrated telco comps

Company	Market cap (USD)	EV/EBITDA CY20F	EV/EBITDA CY21F	EV/EBITDA CY22F	Div. yield CY20F	Div. yield CY21F
Telstra Corporation	**23,017**	**5.9x**	**6.5x**	**6.5x**	**5.8%**	**5.6%**
Verizon Communications	237,444	7.4x	7.2x	7.1x	4.3%	4.4%
AT&T	191,805	6.2x	6.0x	6.0x	7.7%	7.9%
T-Mobile US	139,650	8.5x	7.5x	7.2x	0.0%	0.0%
Telco US average		**7.4x**	**6.9x**	**6.7x**	**4.0%**	**4.1%**
Vodafone Group	37,104	5.2x	5.1x	4.9x	7.7%	7.8%
Orange	28,765	4.1x	4.0x	4.0x	7.2%	7.5%
Bouygues	12,652	5.1x	4.0x	3.7x	6.3%	6.1%
Deutsche Telekom	73,234	4.3x	4.0x	3.9x	4.7%	4.8%
Telefonica	18,823	4.1x	4.1x	4.1x	12.2%	11.5%
Telecom Italia	5,735	4.2x	4.2x	4.1x	3.9%	3.9%
Swisscom	26,645	7.6x	7.6x	7.5x	4.7%	4.6%
Telco Europe average		**4.9x**	**4.7x**	**4.6x**	**6.7%**	**6.6%**

Source: Company data, Credit Suisse estimates

Valuation

Our underlying valuation for TLS (see below), based on divisional DCF, is unchanged at A$3.85/share. While we don't separately value InfraCo within our underlying valuation, we are of the view that further InfraCo disclosure is supportive of our target price (set in line with our valuation) of A$3.85/share; OUTPERFORM rating remains unchanged.

Figure 13: TLS SOTP valuation (using divisional DCF)

	EBITDA		Multiple		Valuation		
Business unit	**FY21F**	**FY22F**	**FY21F**	**FY22F**	**A$m**	**A$ps**	**% of EV**
Mobile	3,509	3,754	9.2x	8.6x	32,342	2.72	49%
Fixed line (Legacy & NBN, inc TUSOPA)	296	176	3.3x	5.5x	969	0.08	1%
NBN recurring payments	911	1,003	18.2x	16.6x	16,599	1.40	25%
NBN one-off payments (net of c2c)	823	157	0.8x	4.1x	646	0.05	1%
IP & Data	1,034	894	3.8x	4.4x	3,921	0.33	6%
NAS	586	733	12.0x	9.5x	7,000	0.59	11%
Global Connectivity	438	521	9.9x	8.3x	4,342	0.37	7%
Other (New business, media, restructuring costs)	42	84	na	na	-41	0.00	0%
Telstra EV	**7,638**	**7,322**	**8.6x**	**9.0x**	**65,777**	**5.53**	**100%**
Foxtel/Fox Sports (35%)	122	114	2.1x	2.8x	-293	-0.02	0%
Less Net Debt					-19,696	-1.66	-30%
Equity Value					**45,788**	**3.85**	

Source: Credit Suisse estimates

CREDIT SUISSE

Z Energy

Slowly refueling

Integrated Oil & Gas | Decrease Target Price

ZEL.NZ

Target price (12M, NZ$)
3.81

Outperform

Running ahead of guidance, reduced FY22 release

- ZEL will report 1H21 earnings on the 4 November, we are forecasting EBITDA of NZ$104mn, above the top end of the company's guided NZ$85-100mn range. This upgrade on the back of a strong volume performance in 2Q and retail margins rebounding off price war levels. We have upgraded our FY21 EBITDA estimate to NZ$278mn, up from NZ$242mn. Due to a substantially slow down at Refining NZ (NZR.NZ) for CY21, we have reduced our FY22 EBITDA from NZ$348mn to NZ$320mn and reduced our target price from NZ$3.93 to NZ$3.81 and keep our Outperform rating.
- ZEL is restricted from beginning dividends until FY22, we reduced our expected dividend for FY22 from NZ 29cps to NZ 25cps, this despite an improved core business volume growth expectation. Once the COVID impact passes, ZEL should return to a c.NZ 29cps dividend in FY23.

2Q volume and margin track well, cost out remains key

- After a heavily COVID impacted 1Q where retail volumes collapsed 38% and despite a 3-week Auckland level 3 lockdown, 2Q rebounded sharply with volumes down just 2%. The higher margin commercial Truckstop and secondary distribution also recovering well, up 2% in 2Q vs down 16% in 1Q.
- The South Island retail war dissipated into 2Q resulting in a lift in 91 petrol margins for the 2Q on the pcp. Retail petrol import margins have been more stable around the NZ23.5cpl, supporting a stable volume growth outlook. The healthy premium that both higher Octane petrol and Diesel achieved over 2Q21 supports an improving retail margin expectation.
- Having reported a 1Q EBITDA of NZ$38mn, down NZ$57mn on the pcp, the cost out program had already delivered NZ$18mn of savings. We are anticipating a 2Q EBITDA of NZ$66mn, down NZ$15mn on the pcp, driven by further cost out (NZ$22mn reduction) being more than offset by the COVID disrupted refinery supply chain.

Previous target price (12M, NZ$)	3.93
Price (28 Oct,NZ$)	2.91
Market cap (NZ$mn)	1,513.6
Yr avg. mthly trading (NZ$mn)	82.2
Projected return:	
Capital gain (%)	30.9
Dividend yield (net %)	4.9
Total return (%)	35.9

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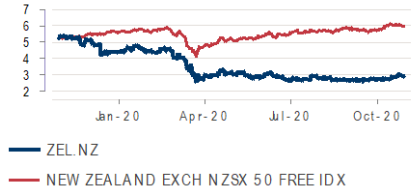
Provided by Jarden

Financial and valuation metrics

Year	3/20A	3/21E	3/22E	3/23E
Adjusted Earnings (NZ$ mn)	44	52	87	111
EPS Adjusted (NZc)	11.0	10.0	16.8	21.4
EPS Growth (%)	(75.8)	(9.0)	67.6	27.3
P/E (x)	26.5	29.1	17.3	13.6
CPS (NZc)	56.8	28.1	42.3	62.0
P/CF (x)	5.1	10.4	6.9	4.7
EV/EBITDA (x)	7.1	7.7	6.3	5.4
Net DPS (NZc)	16.5	0.0	24.9	29.0
Imputation (%)	100.0	100.0	100.0	100.0
Net Yield (%)	5.7	0.0	8.6	10.0
Gross Yield (%)	7.9	0.0	11.9	13.9

Source: Company data, Refinitiv, Jarden estimates

Share price performance



On 28-Oct-2020 the NEW ZEALAND EXCH NZSX 50 FREE IDX closed at 12264.52On 28-Oct-2020 the spot exchange rate was NZ$1.49/US$1

Performance	1M	3M	12M
Absolute (%)	6.20	3.56	-45.51
Relative (%)	2.29	-1.34	-59.13

Figure 1: Financial summary - Z Energy

Sector: Energy — **NZX Code: ZEL**

PROFIT & LOSS ($m)

Year to 31 Mar	2019A	2020A	2021F	2022F	2023F
Operating Revenue	5,450	4,987	2,915	3,750	4,139
Operating Expenses	-5,015	-4,621	-2,636	-3,430	-3,790
Operating EBITDA	**435**	**366**	**278**	**320**	**349**
Depreciation					
Amortisation	-122	-163	-150	-151	-149
Operating EBIT	**313**	**203**	**128**	**169**	**200**
Other Income	0.0	0.0	0.0	0.0	0.0
Abnormals	-22.0	-105	0.0	0.0	0.0
Reported EBIT	291	98.0	128	169	200
Net Interest	-51.0	-67.0	-55.7	-47.8	-45.1
Pretax Profit	240	31.0	72.4	121	155
Tax	-61.0	13.0	-20.3	-34.0	-43.3
Minority Interests	0.0	0.0	0.0	0.0	0.0
Equity Accounted Profit	0.0	0.0	0.0	0.0	0.0
Reported NPAT	**178**	**44.0**	**52.1**	**87.4**	**111**
Abnormals (net of tax)	-3.6	0.0	0.0	0.0	0.0
Adjusted Earnings	**182**	**44.0**	**52.1**	**87.4**	**111**

BALANCE SHEET ($m)

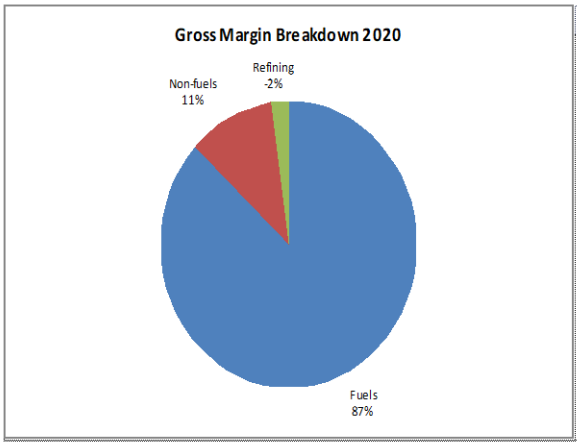
Year to 31 Mar	2019A	2020A	2021F	2022F	2023F
Cash & Equivalents	111	19.0	297	316	455
Debtors & Inventories	1,077	862	460	460	387
Other Current Assets	36.0	56.0	56.0	56.0	56.0
Current Assets	**1,224**	**937**	**813**	**832**	**898**
Fixed Assets	830	819	799	779	760
Investments	105	51.5	51.5	51.5	51.5
Intangibles	668	786	701	616	531
Other Non-Current Ass.	20.0	451	445	445	445
Total Assets	**2,847**	**3,045**	**2,809**	**2,723**	**2,686**
Interest Bearing Debt	938	1,102	922	812	812
Other Liabilities	989	1,341	988	964	941
Total Liabilities	**1,927**	**2,443**	**1,910**	**1,776**	**1,753**
Minorities	0.0	0.0	0.0	0.0	0.0
Convertible Capital	0.0	0.0	0.0	0.0	0.0
Ordinary Equity	920	602	899	947	933
Total Funds Emp.	**2,847**	**3,045**	**2,809**	**2,723**	**2,686**

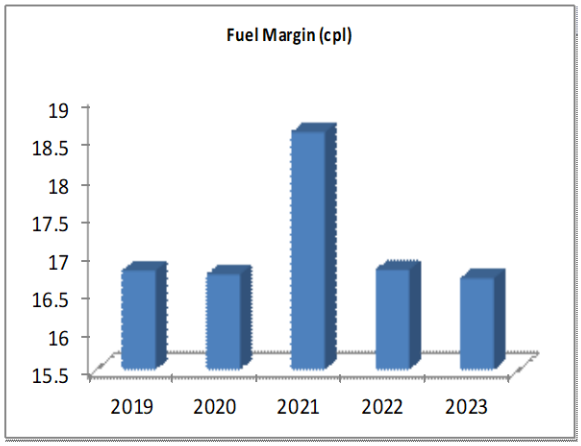
RATIOS AND CAPITAL STRUCTURE

Year to 31 Mar		2019A	2020A	2021F	2022F	2023F
Profitability & Growth						
EBITDA/Op Rev	%	8.0	7.3	9.6	8.6	8.5
EBIT/Op Rev	%	5.7	4.1	4.4	4.5	4.8
Effective Tax Rate	%	25.4	-41.9	27.6	27.8	27.8
Return On Equity	%	20.4	5.8	7.1	9.6	11.9
ROCE	%	18.2	11.8	8.0	11.5	14.7
EPS Adjusted	c.	45.4	11.0	10.0	16.8	21.4
EPS Growth	%	-14.3	-75.8	-9.0	67.7	27.3
Net DPS	c.	43.0	16.5	0.0	24.9	29.0
Dividend Cover	x	1.1	0.7		0.7	0.7
Asset Backing & Capital Structure						
Net Cash (Debt)	$m	-827	-1,083	-625	-496	-357
NTA / Share	$	0.63	-0.46	0.38	0.64	0.77
Equity / Tot Assets	%	32.3	19.8	32.0	34.8	34.8
Net Debt / EBITDA	x	2.0	4.2	2.2	1.5	1.0
Interest Cover	x	6.1	3.0	2.3	3.6	4.4
Shares on Issue						
Ordinary	m	400	400	521	521	521
Fully Diluted	m	400	400	521	521	521

CASH FLOW ($m)

Year to 31 Mar		2019A	2020A	2021F	2022F	2023F
Operating EBITDA		435	366	278	320	349
Other Cash Income		4.0	1.0	0.0	0.0	6.2
Interest Paid		-48.0	-61.0	-49.7	-41.8	-39.1
Tax Paid		-113	-63.0	-0.9	-57.8	-67.1
Working Capital / Other		-1.0	-16.0	-81.6	0.0	73.6
Operating Cash Flow		**277**	**227**	**146**	**220**	**323**
Total Capex		-35.0	-51.0	-45.0	-45.7	-46.0
Acquisitions		-67.0	-56.0	0.0	0.0	0.0
Divestments						
Dividends		-152	-203	0.0	-45.4	-137
Equity Raised		-1.0	0.0	350	0.0	0.0
Other		19.0	27.0	5.9	0.0	0.0
Change in Net Debt		**41.0**	**-56.0**	**457**	**129**	**139**
Maint Capex	$m	-35.0	-51.0	-45.0	-45.7	-46.0
Capex/Depn	%	28.7	31.3	29.9	30.3	30.8
Capex/Rev	%	0.6	1.0	1.5	1.2	1.1





Source: Company data, Jarden estimates

Smaller but steadier

ZEL will report 1H21 earnings on 4 November. We are forecasting EBITDA of NZ$104mn, above the guided range of NZ$85-100mn. The company reported 1Q EBITDA of NZ$38mn, down 60% on pcp, our forecast implying 2Q EBITDA of NZ$66mn, down 19% on pcp primarily due to COVID disrupted supply chain.

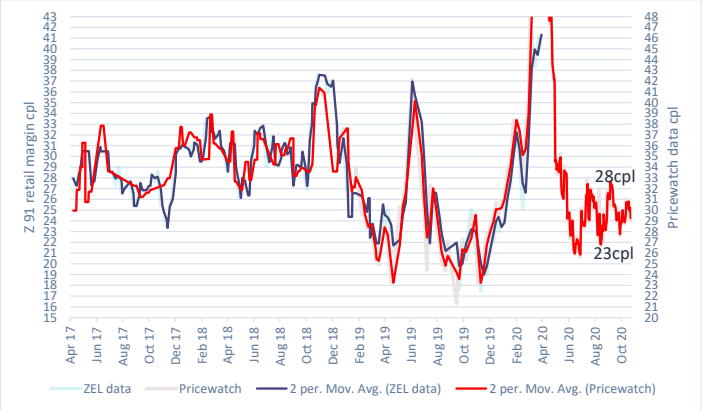
Volumes have recovered in the core business:

- The company has already reported retail volume down 20%, 1Q down 38% (big lockdown impact) and 2Q down 2% (small lockdown impact).
- The higher margin commercial volumes (Truckstops and secondary distribution) down 7%, 1Q down 16% and 2Q up 2%.
- Jetfuel and Bitumen the biggest Virus losers, both down over 70%.

Margins have found a new level with a lower but more competitive base:

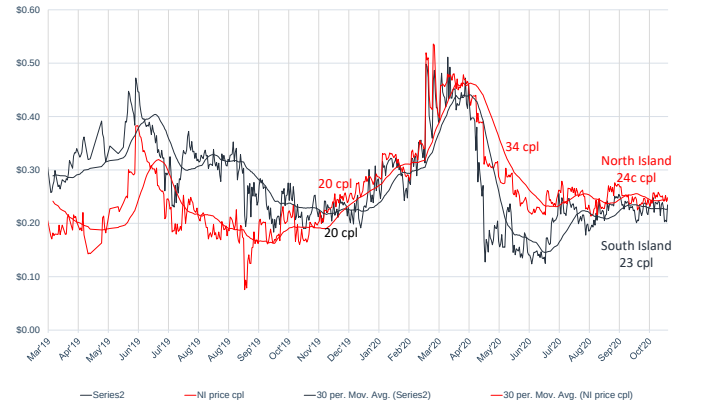
- ZEL's retail 91 petrol margins expanded over lockdown, on slim volumes, 1Q margin averaging c. NZ28cpl, up 1cpl on its pcp. In 2Q the margin fell back to c. NZ24.3cpl (NZ24.8cpl after adjusting for gross margin benefits), still up 1.4cpl on a materially weak pcp – see below LHS chart. The margin is currently tracking at NZ 23.5cpl, supporting a view that the new and more competitive strategy is continuing to play out.
- The retail war in the South Island appears to have eased up through the 2Q as Z 91 margins improved from 16cpl lows in 1Q to be tracking c. NZ23cpl through the second quarter – see black series in the RHS chart below.

Figure 2: ZEL retail 91 Petrol importer margin cpl



Source: Pricewatch, Jarden estimates

Figure 3: North & South Island ZEL 91 petrol margin NZ$/litre



Source: Pricewatch, Jarden estimates

- Diesel margins remained surprisingly strong throughout, 2Q average margin up NZ6-8cpl on its pcp. Premium petrol has also held its premium positioning supporting a better than expected 2Q outcome.
- The 1H commercial margin is expected to have softened only modestly relative to the pcp. We have little line of sight on this except for back solving 1Q's profit metrics.

Cost out is tracking well:

Operating costs: ZEL has highlighted c. NZ$65mn operating cost reduction through FY21, of which NZ$36mn is sustainable with the rest related to short-term volume declines, subsidies and NZR factors.

In 1Q the cost reduction was NZ$18mn with operating costs falling from NZ$100mn to NZ$82mn.

- In 2Q cost out gets a boost from not having the "Pumped" initiative costs that the pcp incurred, we are forecasting costs fall by NZ$22mn, from NZ$109mn to NZ$87mn. The half seeing costs down NZ$40mn on pcp.
- 2H costs get the positive impact from FY20's one off impacts (NZ$11mn).

Figure 4: Operating cost and gross margin changes NZ$mn

	1Q	2Q	1H	2H	FY
FY20 operating costs	(100)	(109)	(209)	(207)	(416)
Doubtful debts				17	17
Commission top ups				7	7
Staff bonusses				(13)	(13)
Normalised operating costs	(100.0)	(109.0)	(209.0)	(196.0)	(405.0)
Structural Opex reduction	**8**	**16**	**24**	**13**	**38**
Pumped	-	8	8	-	8.0
Bio plant	1	1	2	2	3
Other Strat 3.0	6	6	12	13	25
Covid structural out	3	3	6	6	11
Inflation	(1)	(2)	(3)	(6)	(9)
One off opex reduction	**10**	**6**	**16**	**2**	**18**
Wage subsidy	3	1	4	-	4
Lower distribution	4	3	6	0.8	7
Lower Marketing	4	3	6	0.8	7
Cost reduction total	**18**	**22**	**40**	**15**	**56**
FY21 operating costs	(82)	(87)	(169)	(181)	(350)

Source: Company data, Jarden estimates

COGS: The gross costs forecast to get a c. NZ$20mn reduction, NZ$10.5mn is NZR volume related and hence short term, this will show up in the fuels margin adding c. NZ0.5cpl:

- The gross margin gets a normalised boost from the NZ$9mn provision implemented in FY20, this should show up in an improved fuel margin. There is a further NZ$10.5mn from the NZR volume cut back which should also show up in the fuel margin.
- The provision will have an impact in 4Q21 while NZ$3mn of the NZ$10.5mn came through in 1Q and a similar quantum anticipated for 2Q.

The following table summarises our near-term earnings and operating metric expectations:

Figure 5: ZEL FY21 EBITDA forecast breakdown

		1Q20	2Q20	1H20	1Q21	2Q21E	1H21E	2H20	2H21	FY20	FY21E	1Q/1Q Change	2Q/2Q Change	1H/1H Change	2H/2H Change	FY/FY Change
Retail Fuel	$m	106	87	193	68	90	158	204	184	397	342	-36%	3%	-18%	-10%	-14%
Commercial Fuel	$m	58	62	120	44	54	98	146	131	266	229	-24%	-13%	-18%	-10%	-14%
Refining	$m	14	22	36	(7)	(7)	(14)	1	(1)	37	(15)	-150%	-132%	-139%	-159%	-139%
Non Fuel	$m	17	16	33	14	16	30	44	42	77	72	-18%	-3%	-11%	-4%	-7%
NZR div and other	$m	-	2	2	1	-	1	4	(1)	6	-					
Total Gross margin	$m	195	190	385	120	153	273	398	355	783	628	-38%	-20%	-29%	-11%	-20%
Operating costs	$m	(100)	(109)	(209)	(82)	(87)	(169)	(207)	(181)	(416)	(350)	-18%	-20%	-19%	-13%	-16%
EBITDA	**$m**	**95**	**81**	**176**	**38**	**66**	**104**	**191**	**174**	**367**	**278**	**-60%**	**-19%**	**-41%**	**-9%**	**-24%**
Retail Margin	cpl	26.6	22.1	25.3	27.4	24.6	25.7	26.9	24.2	26.0	24.9	3%	11%	2%	-10%	-4%
Z Petrol	cpl	27.5	23.8	26.1	28.2	25.5	26.6	29.9	25.0	28.0	25.7	2%	7%	2%	-16%	-8%
91 Margin from Price watch data	cpl	27.0	22.9	25.2	28.0	24.3	25.8	29.6	23.3	27.4	24.4	4%	6%	2%	-21%	-11%
Petrol 91 including gross margin benefit	cpl	27.0	22.9	25.2	28.0	24.8	26.1	30.1	24.1	27.7	25.0	4%	8%	4%	-20%	-10%
Premium	cpl	35.6	31.5	33.8	36.0	33.8	34.7	38.3	33.1	36.0	33.8	1%	7%	3%	-14%	-6%
PaknSave	cpl	15.0	15.0	17.0	14.0	14.0	14.0	11.0	14.0	14.0	14.0	-7%	-7%	-18%	27%	0%
Z Diesel	cpl	40.0	31.0	35.0	38.0	36.0	36.8	37.1	33.1	36.1	34.8	-5%	16%	5%	-11%	-4%
CTX Petrol	cpl	16.8	12.7	15.0	16.8	13.6	14.9	18.0	15.9	16.4	15.4	0%	7%	-1%	-12%	-6%
CTX diesel	cpl	21.8	17.7	20.0	21.8	18.6	19.9	16.5	20.7	18.2	20.3	0%	5%	-1%	25%	12%
Commercial Margin	cpl	10.3	11.0	10.6	12.8	13.4	13.1	11.2	13.8	10.9	13.5	25%	22%	23%	23%	24%
Truckstop/Other distr	cpl	15.6	16.6	16.1	15.8	16.0	15.9	16.9	16.6	16.5	16.3	2%	-4%	-1%	-2%	-1%
Z&CTX	cpl	18.0	19.1	18.6	18.2	18.5	18.4	19.6	20.2	19.1	19.3	1%	-3%	-1%	3%	1%
Secondary distrubtion	cpl	12.0	13.0	12.5	12.0	12.3	12.2	13.4	11.9	13.0	12.0	0%	-5%	-3%	-11%	-8%
Jet	cpl	3.0	3.3	3.2	2.0	2.0	2.0	3.4	3.9	3.3	3.0	-33%	-39%	-37%	15%	-9%
Bituman and Marine	cpl	6.5	7.0	6.7	4.8	5.8	5.3	6.7	7.1	6.7	6.6	-26%	-18%	-21%	6%	-2%
Bituman	cpl	8.0	8.5	8.3	5.0	8.5	6.8	8.7	9.0	8.5	8.6	-38%	0%	-18%	3%	1%
Marine	cpl	4.5	5.0	4.8	4.8	4.8	4.8	5.1	5.2	5.0	5.1	6%	-5%	0%	2%	1%
Retail Volume	ml	398	372	770	248	365	613	756	760	1,526	1,373	-38%	-2%	-20%	0%	-10%
Z petrol	ml	188	180	368	120	178	298	367	368	735	666	-36%	-1%	-19%	0%	-9%
Petrol 91	ml	132	127	259	84	125	210	258	260	517	470	-36%	-1%	-19%	1%	-9%
Premium	ml	37	36	73	24	35	59	73	73	146	132	-36%	-1%	-19%	1%	-9%
PaknSave	ml	18	18	36	12	17	29	36	35	72	64	-36%	-1%	-19%	-3%	-11%
Z Diesel	ml	74	73	147	54	77	131	152	152	299	282	-27%	5%	-11%	0%	-6%
CTX Petrol	ml	99	85	184	50	75	125	164	166	348	290	-49%	-12%	-32%	1%	-17%
CTX diesel	ml	37	34	71	24	36	60	73	74	144	134	-35%	5%	-16%	2%	-7%
Commercial Volume	ml	575	568	1,143	343	405	748	1,299	947	2,442	1,695	-40%	-29%	-35%	-27%	-31%
Truckstop/Other distr	ml	319	313	632	267	320	587	702	696	1,334	1,284	-16%	2%	-7%	-1%	-4%
Z&CTX	ml	191	186	377	165	193	358	392	395	769	754	-14%	4%	-5%	1%	-2%
Secondary distrubtion	ml	128	127	255	102	127	229	310	301	565	530	-20%	0%	-10%	-3%	-6%
Jet	ml	208	198	406	44	54	97	438	103	844	200	-79%	-73%	-76%	-76%	-76%
Bituman and Marine	ml	48	57	105	32	31	63	159	148	264	211	-34%	-45%	-40%	-7%	-20%
Bituman	ml	27	33	60	8	9	17	71	75	131	92	-69%	-74%	-72%	5%	-30%
Marine	ml	21	24	45	23	23	46	88	74	133	120	12%	-6%	2%	-16%	-10%

Source: Company data, Jarden estimates

Refinery commits to reduce volumes over CY21:

Over CY21 the Refinery operation will be pared back to 1995 levels (i.e. when the processing agreements were first instituted). This means capacity will be reduced to 90kbbls/day (~33mbblpa, roughly 25%-30% lower). We'd expect this also means the output yield from the refinery will be far less "upgraded" and NZR may generate lower premiums over Singapore reference margins and imported fuels. NZR confirmed that it will cease bitumen production.

- ZEL makes healthy margins from the Bitumen sales.
- While the refining rebate might not go negative, ZEL is unable to reshape its operation permanently to offset this negative. We continue to assume that the Refinery is changed to an import terminal in CY23 allowing ZEL to reduce its gross costs.

Dividend to restart in FY22 with 25c estimate

ZEL has anchored the market's profit expectation at a more sustainable level. ZEL has broadly informed the market that it has repositioned to compete at 3cpl below prior competitiveness and that it is positioning its price points, post loyalty discounts, to be below the tier 2 competitors pricing. Using the following assumptions, we now expect FY22 dividend resumption at NZ25cps:

1. The dividend policy remains unchanged at 70% to 85% of free cash flow, where free cash flow is defined as RC EBITDAF less RC tax, financing costs and long term integrity capex (NZ$45mn).
2. The current level of industry margins continues (c. NZ23-24cps for 91 petrol), resulting in an improved volume performance,
3. A modest continuation of the cost out program and
4. The negative from a lower Refining throughput disruption.

The following table summarises our EBITDA forecast and dividend assumptions:

Figure 6: ZEL EBITDA and dividend forecast breakdown NZ$mn

		FY20	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E
Gross costs ex crude	$m	59	44	40	25	25	25	25	25	25	25	25
Gross costs ex crude	cpl	3.19	2.57	2.27	1.42	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Retail Fuel	$m	397	342	348	361	361	360	358	363	362	360	358
Commercial Fuel	$m	266	229	243	265	267	270	273	280	284	287	292
Refining	$m	37	(15)	19	-	-	-	-	-	-	-	-
Non Fuel	$m	77	72	74	79	80	81	82	82	82	82	82
NZR div and other	$m	6	-	-	6	6	6	6	6	6	6	6
Total Gross margin	$m	783	628	684	711	715	717	718	731	734	736	738
Operating costs	$m	(416)	(350)	(364)	(362)	(359)	(361)	(362)	(365)	(367)	(368)	(368)
EBITDA	**$m**	**367**	**278**	**320**	**349**	**355**	**356**	**357**	**366**	**367**	**368**	**370**
Retail Margin	cpl	26.0	24.9	24.3	25.4	25.4	25.5	25.5	26.2	26.5	26.8	27.2
Z Petrol	cpl	28.0	25.7	25.2	26.4	26.4	26.4	26.4	27.1	27.4	27.7	28.1
91 Margin from Price watch data	cpl	27.4	24.4	23.5	24.0	24.0	24.0	24.0	24.7	25.0	25.4	25.7
Petrol 91 including gross margin benefit	cpl	27.7	25.0	24.4	25.8	25.8	25.8	25.8	26.5	26.8	27.1	27.5
Premium	cpl	36.0	33.8	33.2	34.6	34.6	34.6	34.6	35.3	35.6	35.9	36.3
PaknSave	cpl	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.7	15.0	15.4	15.7
Z Diesel	cpl	36.1	34.8	34.0	35.2	35.2	35.2	35.2	35.9	36.2	36.5	36.9
CTX Petrol	cpl	16.4	15.4	15.2	15.8	15.8	15.8	15.8	16.1	16.3	16.4	16.8
CTX diesel	cpl	18.2	20.3	20.0	20.5	20.5	20.5	20.5	20.8	21.0	21.1	21.5
Commercial Margin	cpl	10.9	13.5	11.6	11.4	11.4	11.3	11.3	11.5	11.6	11.8	11.9
Retail Volume	ml	1,526	1,373	1,430	1,421	1,419	1,413	1,401	1,385	1,366	1,342	1,314
Commercial Volume	ml	2,442	1,695	2,084	2,328	2,356	2,385	2,414	2,441	2,442	2,442	2,443
Dividend calculation												
Operating EBITDA	$m	367	278	320	349	355	356	357	366	367	368	370
+ Dividends received	$m	6	-	-	6	6	6	6	6	6	6	6
- Net interest paid	$m	61	50	42	39	36	34	29	27	24	21	17
- RC Tax	$m	(13)	20	34	43	49	53	54	58	59	65	71
Operating cashflow for div	$m	325	208	244	273	277	276	279	287	290	287	288
Sustainable capex	$m	45	45	45	45	46	46	46	46	45	45	44
IFRS amortisation	$m	26	26	26	26	26	26	26	26	26	26	26
FCF for dividend	**$m**	**254**	**137**	**173**	**202**	**205**	**203**	**207**	**216**	**218**	**216**	**218**
Payout	$m	26.0%	0.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	80.0%	87.5%	95.0%
Dividend	$m	66	-	130	151	153	153	155	162	175	189	207
Dividend cps	**cps**	**17**	**-**	**25**	**29**	**29**	**29**	**30**	**31**	**34**	**36**	**40**
Net Debt ex WC facility	cps	1,183	855	707	568	512	454	394	329	270	221	184
Change	$m	(356)	328	148	138	57	57	61	65	59	48	37
Net Debt/EBITDA post IFRS 16	**X**	**3.2**	**3.1**	**2.2**	**1.6**	**1.4**	**1.3**	**1.1**	**0.9**	**0.7**	**0.6**	**0.5**
Dividend Yield	%	5.7%	0.0%	8.5%	10.0%	10.1%	10.0%	10.2%	10.6%	11.5%	12.5%	13.6%

Source: Company data, Jarden estimates

We are forecasting NZ$278mn of EBITDA for FY21 and as the company would need to forego half a turn on its debt covenant if it were to pay a dividend, no dividend is forecast. For FY22 we are forecasting an EBITDA of NZ$320mn, with an implied 75% of cash flow for dividend assumption we are expecting a dividend of NZ25cps in that year.

The following table summarises our key earnings and dividend changes:

Figure 7: Key earnings change table (NZ$m)

	FY20	FY21E	FY22E	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E
EBITDA New $m	366	278	320	349	355	356	357	366	367
EBITDA Old $m	366	242	348	366	371	370	369	375	376
Change $m		36	(28)	(17)	(16)	(14)	(12)	(9)	(9)
DPS new cps	16.5	-	24.9	29.0	29.4	29.3	29.8	31.0	33.5
DPS old cps	16.5	-	28.7	30.8	31.1	30.8	31.2	32.0	34.6
Change cps		-	(3.8)	(1.8)	(1.7)	(1.5)	(1.4)	(1.0)	(1.1)

Source: Company data, Jarden estimates

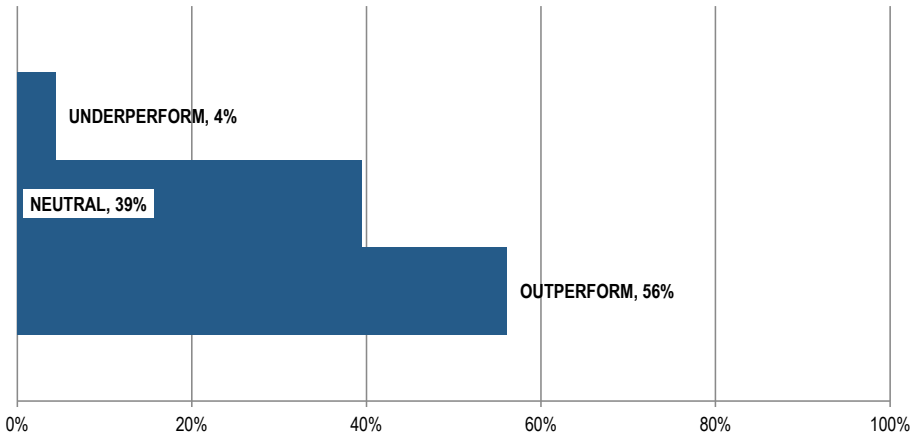
CREDIT SUISSE

Credit Suisse Ratings – Australia

As of Wednesday, 28 October 2020

RATINGS

Figure 1: Credit Suisse stock ratings – distribution



See Figure 3 for ratings on each stock covered by Credit Suisse, ranked by expected total return.
Source: Credit Suisse estimates

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Stock ratings

Individual stock ratings are determined by the projected total return on a stock relative to absolute return benchmarks.

Analysts project a 12-month target share price for each stock. The capital gain or loss implied by the 12-month target share price, along with the analyst's projected prospective dividend yield, generates the analyst's projected total return for a given stock.

The absolute return required to achieve an Outperform rating is greater than or equal to 7.5%, and to achieve an Underperform rating is less than or equal to 5.0%. A Neutral rating requires a projected total return within the range of -5.0% and +15.0%. Thus, there is an overlapping range for the Neutral rating band (see Figure 2). The overlapping rating range allows analysts to assign a rating that puts their projected total return in the context of associated risks

Figure 2: **Rating system parameters**

	ETR Range
Outperform	>= 7.5%
Neutral *(overlaps with Outperform and Underperform)*	-5% - 15.0%
Underperform	=< 5.0%

Source: Credit Suisse Research, Australia

Given the dynamic nature of share prices an analyst's rating can become out of sync with the projected total return as the share price moves. The rating must only be viewed as valid with respect to projected total return at the time of rating or target price changes.

Figure 3: Ranking by projected total return

Code	Share Price	Target Price	Total Return**	Rating^
NCZ.AX	$0.17	$0.45	179%	OUTPERFORM
FAR.AX	$0.01	$0.03	127%	OUTPERFORM
CRN.AX	$0.78	$1.60	106%	OUTPERFORM
WHC.AX	$0.98	$1.95	100%	OUTPERFORM
OGC.AX	$2.11	$4.20	100%	OUTPERFORM
IFL.AX	$2.99	$5.00	73%	OUTPERFORM
IPL.AX	$2.05	$3.27	64%	OUTPERFORM
IFM.AX	$1.56	$2.50	63%	OUTPERFORM
SBM.AX	$2.73	$4.40	63%	OUTPERFORM
CIM.AX	$22.03	$34.00	61%	OUTPERFORM
BPT.AX	$1.26	$1.95	56%	OUTPERFORM
RRL.AX	$4.37	$6.45	51%	OUTPERFORM
SYR.AX	$0.47	$0.70	49%	OUTPERFORM
TLS.AX	$2.70	$3.85	49%	OUTPERFORM
AWC.AX	$1.43	$2.00	46%	OUTPERFORM
AZJ.AX	$3.91	$5.40	45%	OUTPERFORM
WPL.AX	$17.72	$24.57	43%	OUTPERFORM
ING.AX	$2.92	$3.95	41%	OUTPERFORM
NUF.AX	$3.63	$5.07	40%	OUTPERFORM
ANZ.AX	$19.16	$26.20	40%	OUTPERFORM
TWE.AX	$9.07	$12.30	39%	OUTPERFORM
AMP.AX	$1.31	$1.75	38%	OUTPERFORM
FXL.AX	$1.02	$1.36	38%	NEUTRAL
ALX.AX	$5.95	$7.90	37%	OUTPERFORM
SXY.AX	$0.32	$0.43	37%	OUTPERFORM
SIG.AX	$0.54	$0.70	36%	OUTPERFORM
GNC.AX	$3.71	$4.85	36%	OUTPERFORM
SKI.AX	$2.04	$2.65	35%	OUTPERFORM
NWS.AX	$18.80	$25.00	35%	OUTPERFORM
VCX.AX	$1.27	$1.61	34%	OUTPERFORM
AHY.AX	$1.00	$1.28	34%	OUTPERFORM
PGH.AX	$2.29	$2.95	33%	OUTPERFORM
TAH.AX	$3.37	$4.40	33%	OUTPERFORM
NHC.AX	$1.07	$1.40	31%	NEUTRAL
SIO.AX	$5.67	$7.05	31%	OUTPERFORM
SCG.AX	$2.19	$2.73	30%	OUTPERFORM
S32.AX	$2.12	$2.70	30%	OUTPERFORM
SFR.AX	$4.29	$5.40	29%	OUTPERFORM
STO.AX	$5.01	$6.33	28%	OUTPERFORM
HUO.AX	$2.70	$3.35	27%	NEUTRAL
STX.AX	$0.25	$0.31	27%	OUTPERFORM
PRU.AX	$1.28	$1.60	25%	OUTPERFORM
BXB.AX	$10.01	$12.25	25%	OUTPERFORM
NCM.AX	$30.60	$37.70	24%	OUTPERFORM
CWN.AX	$8.54	$10.35	24%	OUTPERFORM
COL.AX	$17.68	$21.04	23%	OUTPERFORM
MYX.AX	$0.31	$0.38	23%	NEUTRAL
WOR.AX	$10.04	$11.70	22%	OUTPERFORM
CAJ.AX	$0.26	$0.30	22%	OUTPERFORM
IRE.AX	$9.39	$11.00	22%	NEUTRAL
AQZ.AX	$3.41	$4.05	22%	OUTPERFORM
MTS.AX	$3.09	$3.62	21%	OUTPERFORM
TGR.AX	$3.72	$4.30	21%	OUTPERFORM
MMS.AX	$9.36	$10.60	20%	OUTPERFORM
BOQ.AX	$6.42	$7.60	20%	OUTPERFORM
QUB.AX	$2.72	$3.20	20%	OUTPERFORM
CWY.AX	$2.10	$2.45	19%	OUTPERFORM
MFG.AX	$57.56	$66.00	19%	OUTPERFORM
DXS.AX	$8.85	$9.92	18%	OUTPERFORM
360.AX	$4.00	$4.70	18%	OUTPERFORM
CPU.AX	$12.18	$13.90	17%	NEUTRAL
CSR.AX	$4.65	$5.30	17%	OUTPERFORM
ORG.AX	$4.20	$4.70	17%	NEUTRAL
NAB.AX	$18.88	$21.30	17%	OUTPERFORM
BHP.AX	$34.77	$39.00	16%	OUTPERFORM
RWC.AX	$4.17	$4.75	16%	OUTPERFORM
MGR.AX	$2.16	$2.41	16%	OUTPERFORM
EVN.AX	$5.80	$6.55	16%	OUTPERFORM
PPT.AX	$27.87	$31.00	16%	NEUTRAL
MPL.AX	$2.70	$3.00	15%	OUTPERFORM
WBC.AX	$18.31	$20.60	15%	OUTPERFORM
HVN.AX	$4.62	$5.06	15%	OUTPERFORM
NST.AX	$15.78	$17.90	15%	OUTPERFORM
PTM.AX	$3.08	$3.30	14%	NEUTRAL
WES.AX	$46.80	$51.59	14%	OUTPERFORM
HLS.AX	$3.59	$4.00	14%	OUTPERFORM
OSH.AX	$2.74	$3.06	13%	NEUTRAL
NHF.AX	$4.31	$4.70	13%	NEUTRAL
AD8.AX	$7.08	$8.00	13%	OUTPERFORM
COF.AX	$2.05	$2.14	12%	OUTPERFORM
NEC.AX	$2.15	$2.35	12%	OUTPERFORM
BAP.AX	$7.99	$8.75	12%	OUTPERFORM
RHC.AX	$63.50	$70.00	12%	OUTPERFORM
IDX.AX	$4.12	$4.50	12%	OUTPERFORM
LLC.AX	$12.27	$13.31	12%	OUTPERFORM
BSL.AX	$15.31	$16.95	12%	OUTPERFORM
CSL.AX	$294.43	$325.00	11%	OUTPERFORM
CBA.AX	$68.45	$74.80	11%	NEUTRAL
JHX.AX	$34.98	$38.50	11%	OUTPERFORM
DRR.AX	$4.15	$4.40	11%	NEUTRAL
SVW.AX	$20.16	$21.90	11%	OUTPERFORM
FMG.AX	$16.48	$16.50	10%	NEUTRAL

Source: ASX, CS estimates. Correct as of 9PM AET on 28 October 2020.
**Projected capital gain or loss plus gross dividend yield.

Figure 3: Ranking by projected total return *(continued)*

Code	Share Price	Target Price	Total Return**	Rating^
GPT.AX	$4.11	$4.29	10%	OUTPERFORM
SGR.AX	$3.54	$3.85	10%	OUTPERFORM
SDF.AX	$3.56	$3.80	10%	OUTPERFORM
HT1.AX	$1.51	$1.60	9%	OUTPERFORM
AMC.AX	$14.84	$15.50	9%	NEUTRAL
ABP.AX	$2.82	$2.90	9%	OUTPERFORM
MND.AX	$9.91	$10.30	9%	NEUTRAL
SUL.AX	$11.70	$12.21	9%	OUTPERFORM
ORE.AX	$2.62	$2.85	9%	NEUTRAL
RMD.AX	$25.98	$28.00	9%	NEUTRAL
SHL.AX	$36.10	$38.00	9%	OUTPERFORM
RIC.AX	$0.81	$0.85	8%	NEUTRAL
ORI.AX	$15.70	$16.41	8%	NEUTRAL
ANN.AX	$40.50	$43.00	8%	OUTPERFORM
ORA.AX	$2.69	$2.80	8%	NEUTRAL
CGF.AX	$4.72	$4.90	8%	OUTPERFORM
VEA.AX	$1.66	$1.78	8%	NEUTRAL
BEN.AX	$6.70	$7.00	8%	NEUTRAL
DOW.AX	$4.56	$4.70	8%	OUTPERFORM
SGP.AX	$3.99	$4.05	8%	NEUTRAL
WSA.AX	$2.35	$2.50	7%	OUTPERFORM
CIP.AX	$3.13	$3.18	7%	NEUTRAL
SCP.AX	$2.28	$2.31	7%	NEUTRAL
ILU.AX	$5.15	$5.35	7%	NEUTRAL
GWA.AX	$2.77	$2.85	7%	OUTPERFORM
WOW.AX	$39.07	$40.43	6%	NEUTRAL
SGM.AX	$9.38	$9.85	6%	NEUTRAL
GOZ.AX	$3.41	$3.41	6%	OUTPERFORM
TPG.AX	$7.15	$7.40	6%	NEUTRAL
CQR.AX	$3.52	$3.48	6%	OUTPERFORM
IGO.AX	$4.24	$4.35	5%	NEUTRAL
GUD.AX	$12.81	$13.00	5%	NEUTRAL
APA.AX	$10.69	$10.70	5%	NEUTRAL
API.AX	$1.06	$1.05	5%	NEUTRAL
AGL.AX	$12.93	$12.60	4%	UNDERPERFORM
ALQ.AX	$9.59	$9.75	4%	OUTPERFORM
BRG.AX	$26.18	$26.79	4%	NEUTRAL
JBH.AX	$50.50	$50.21	3%	NEUTRAL
HUB.AX	$20.97	$21.50	3%	NEUTRAL
KGN.AX	$21.03	$21.33	3%	NEUTRAL
PLS.AX	$0.39	$0.40	3%	OUTPERFORM
CGC.AX	$3.61	$3.60	2%	OUTPERFORM
BLD.AX	$4.57	$4.60	2%	NEUTRAL
COE.AX	$0.33	$0.33	2%	NEUTRAL
SEK.AX	$22.86	$23.10	2%	OUTPERFORM
COH.AX	$222.88	$225.00	2%	NEUTRAL
ALL.AX	$30.31	$30.00	1%	OUTPERFORM
CHC.AX	$12.54	$12.21	0%	NEUTRAL
DHG.AX	$4.10	$4.00	-1%	OUTPERFORM
UMG.AX	$4.19	$4.02	-1%	NEUTRAL
ARF.AX	$2.61	$2.43	-1%	NEUTRAL
ALD.AX	$25.66	$24.59	-1%	NEUTRAL
AST.AX	$2.02	$1.90	-1%	NEUTRAL
XRO.AX	$113.79	$111.00	-2%	NEUTRAL
PDL.AX	$6.72	$6.10	-3%	NEUTRAL
WEB.AX	$3.82	$3.70	-3%	NEUTRAL
PMV.AX	$22.03	$20.39	-3%	NEUTRAL
ARB.AX	$31.90	$30.25	-4%	NEUTRAL
PBH.AX	$10.99	$10.50	-4%	NEUTRAL
BIN.AX	$2.55	$2.40	-5%	NEUTRAL
GMG.AX	$18.51	$17.34	-5%	NEUTRAL
VOC.AX	$3.60	$3.40	-5%	NEUTRAL
AUB.AX	$17.37	$16.00	-5%	OUTPERFORM
WTC.AX	$29.78	$28.00	-6%	NEUTRAL
TCL.AX	$13.79	$12.60	-6%	UNDERPERFORM
BKL.AX	$72.48	$65.00	-9%	NEUTRAL
ASX.AX	$82.40	$73.00	-9%	UNDERPERFORM
OML.AX	$1.37	$1.25	-9%	OUTPERFORM
CAR.AX	$21.65	$18.80	-11%	NEUTRAL
REA.AX	$124.34	$109.00	-11%	NEUTRAL
APX.AX	$34.02	$30.00	-11%	NEUTRAL
NXT.AX	$13.36	$11.70	-12%	NEUTRAL
HMC.AX	$3.85	$3.21	-13%	NEUTRAL
CTD.AX	$16.02	$13.60	-15%	NEUTRAL
MQG.AX	$131.55	$107.50	-17%	NEUTRAL
NWL.AX	$17.92	$14.75	-17%	NEUTRAL
OZL.AX	$15.39	$12.55	-17%	UNDERPERFORM
ECX.AX	$1.56	$1.25	-18%	OUTPERFORM
APE.AX	$11.56	$9.40	-19%	NEUTRAL
SYD.AX	$5.81	$4.50	-21%	UNDERPERFORM
ABC.AX	$2.90	$2.10	-24%	UNDERPERFORM
SWM.AX	$0.17	$0.13	-24%	NEUTRAL
WGN.AX	$1.48	$1.10	-25%	NEUTRAL
DMP.AX	$87.93	$61.32	-29%	UNDERPERFORM
QAN.AX	$4.43	$3.00	-32%	UNDERPERFORM
GXY.AX	$1.34	$0.84	-37%	NEUTRAL

Source: ASX, CS estimates. Correct as of 9PM AET on 28 October 2020.
**Projected capital gain or loss plus gross dividend yield.

Top 100 Earnings & Dividends

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As at 28 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Energy																													
Ampol Limited	ALD	31 Dec	NTRL	25.66	24.59	6,407	196.4	325.0	417.6	78.7	130.1	167.3	32.6	19.7	15.3	161.0	115.9	90.5	46.5	78.2	100.1	1.8	3.0	3.9	10.0	7.8	6.8	100	Grant Saligari
Beach Energy	BPT	30 Jun	OPFM	1.26	1.95	2,874	461.0	329.2	451.9	20.2	14.4	19.8	6.2	8.7	6.4	30.8	51.4	37.6	2.0	2.0	2.0	1.6	1.6	1.6	2.5	2.8	2.3	100	Saul Kavonic
Origin Energy	ORG	30 Jun	NTRL	4.20	4.70	7,397	1,023.0	404.1	534.0	58.0	22.9	30.3	7.2	18.3	13.9	35.8	107.7	81.8	25.0	20.0	25.0	6.0	4.8	6.0	4.0	5.4	4.6	30	Peter Wilson
Oil Search	OSH	31 Dec	NTRL	2.74	3.06	4,067	53.6	331.8	467.2	2.9	15.7	22.1	66.4	12.5	8.9	327.9	73.4	52.3	0.0	4.1	9.9	0.0	2.1	5.1	9.7	6.0	4.5	0	Saul Kavonic
Santos Ltd	STO	31 Dec	OPFM	5.01	6.33	7,455	383.7	462.1	764.2	18.3	22.0	36.4	19.6	16.2	9.8	96.6	95.5	58.0	3.5	5.8	11.3	1.0	1.6	3.1	5.7	5.5	4.8	100	Saul Kavonic
Worley Parsons	WOR	30 Jun	OPFM	10.04	11.70	5,242	348.0	368.9	399.7	66.8	70.1	76.0	15.0	14.3	13.2	74.2	84.1	77.9	50.0	52.6	53.2	5.0	5.2	5.3	7.0	6.9	6.1	0	Paul Butler
Woodside Petroleum	WPL	31 Dec	OPFM	17.72	24.57	12,179	435.1	702.8	871.6	46.5	75.1	93.1	27.2	16.9	13.6	134.5	99.1	80.2	37.2	60.1	74.5	2.9	4.7	5.9	5.6	4.8	4.9	100	Saul Kavonic
Sector Aggregate													**16.6**	**15.6**	**11.6**							**2.7**	**3.6**	**4.8**	**5.5**	**5.3**	**4.7**		
Materials - Chemicals																													
Incitec Pivot	IPL	30 Sep	OPFM	2.05	3.27	3,982	218.7	303.4	391.5	12.5	15.5	20.1	16.3	13.2	10.2	80.7	77.6	60.3	3.7	8.1	10.4	1.8	3.9	5.1	7.1	6.0	5.1	50	Grant Saligari
Orica	ORI	30 Sep	NTRL	15.70	16.41	6,372	320.8	369.7	419.6	80.7	90.7	103.0	19.4	17.3	15.2	96.0	101.7	89.9	43.2	59.4	67.3	2.8	3.8	4.3	8.5	7.3	6.9	30	Grant Saligari
Sector Aggregate													**18.1**	**15.5**	**12.8**							**2.4**	**3.8**	**4.6**	**7.9**	**6.8**	**6.1**		
Materials - Construction Materials																													
Boral	BLD	30 Jun	NTRL	4.57	4.60	5,601	224.2	261.1	327.5	18.7	21.8	27.4	24.4	20.9	16.7	120.7	122.9	98.4	9.5	0.0	14.5	2.1	0.0	3.2	10.0	8.1	7.3	50	Peter Wilson
James Hardie Industries plc	JHX	31 Mar	OPFM	34.98	38.50	11,092	352.8	413.4	459.9	79.4	93.3	103.8	31.5	26.8	24.1	155.3	157.4	142.0	10.0	0.0	52.0	0.4	0.0	2.1	19.8	17.1	15.3	0	Peter Wilson
Sector Aggregate													**29.8**	**24.9**	**21.6**							**0.8**	**0.0**	**2.4**	**16.0**	**13.2**	**11.9**		
Materials - Containers & Packaging																													
Amcor	AMC	30 Jun	NTRL	14.84	15.50	17,197	1,028.5	1,111.8	1,198.8	64.2	70.5	76.6	16.5	15.0	13.8	81.5	88.3	81.6	46.0	51.0	56.0	4.3	4.8	5.3	11.9	11.1	10.6	0	Larry Gandler
Orora	ORA	30 Jun	NTRL	2.69	2.80	2,578	127.7	138.4	146.1	13.2	14.9	16.7	20.5	18.1	16.1	101.0	106.4	95.1	49.3	11.0	12.0	18.3	4.1	4.5	8.2	8.8	8.1	30	Larry Gandler
Materials - Metals & Mining																													
Alumina Limited	AWC	31 Dec	OPFM	1.43	2.00	2,964	167.8	206.3	290.9	5.8	7.2	10.1	17.5	14.3	10.1	86.5	83.8	59.6	5.4	7.1	9.4	5.3	6.9	9.2	17.6	14.4	10.3	100	Sam Webb
BHP Group Limited	BHP	30 Jun	OPFM	34.77	39.00	115,986	9,060.0	11,458.5	9,298.2	178.7	226.1	183.4	13.9	11.0	13.5	68.6	64.6	79.9	120.0	113.3	91.9	4.8	4.6	3.7	5.9	4.9	5.6	100	Sam Webb
BlueScope Steel	BSL	30 Jun	OPFM	15.31	16.95	7,713	353.1	536.1	657.7	69.0	105.6	132.1	22.2	14.5	11.6	109.5	85.2	68.4	14.0	14.0	14.0	0.9	0.9	0.9	6.9	5.8	4.9	0	Nick Herbert
Evolution Mining Limited	EVN	30 Jun	OPFM	5.80	6.55	9,910	405.4	621.4	703.9	23.7	36.2	41.0	24.5	16.0	14.2	120.9	94.0	83.5	16.0	16.7	20.4	2.8	2.9	3.5	9.8	7.6	6.7	100	Nick Herbert
Fortescue Metals Group Ltd	FMG	30 Jun	NTRL	16.48	16.50	36,245	4,746.0	6,416.6	4,265.7	153.6	208.4	138.5	7.7	5.6	8.5	37.8	33.2	50.1	117.8	135.4	89.8	10.0	11.5	7.6	4.4	3.5	4.8	100	Sam Webb
Iluka Resources	ILU	31 Dec	NTRL	5.15	5.35	2,177	153.5	250.4	270.1	36.3	59.2	63.9	14.2	8.7	8.1	70.0	51.1	47.6	0.0	19.0	18.0	0.0	3.7	3.5	5.8	3.9	3.6	100	Sam Webb
Newcrest Mining	NCM	30 Jun	OPFM	30.60	37.70	17,848	735.0	1,600.1	1,554.6	94.4	196.0	190.5	23.1	11.1	11.5	114.3	65.5	67.7	25.0	17.0	15.0	1.1	0.8	0.7	10.1	5.7	5.8	0	Nick Herbert
Northern Star Resources Ltd	NST	30 Jun	OPFM	15.78	17.90	11,692	291.0	766.4	1,061.8	41.9	103.1	142.8	37.7	15.3	11.1	186.1	89.9	65.2	17.0	22.4	26.5	1.1	1.4	1.7	14.9	7.4	5.3	0	Nick Herbert
OZ Minerals	OZL	31 Dec	UPFM	15.39	12.55	5,099	242.6	369.1	309.7	75.9	115.5	96.9	20.3	13.3	15.9	100.1	78.3	93.7	23.0	23.0	23.0	1.5	1.5	1.5	8.5	6.2	6.9	100	Nick Herbert
Rio Tinto	RIO	31 Dec	NTRL	91.94	95.00	96,360	11,104.0	11,824.2	8,239.1	680.6	725.5	505.5	9.6	9.1	13.0	47.6	53.2	76.6	429.6	472.4	298.2	6.5	7.2	4.5	4.4	4.0	5.0	100	Sam Webb
South 32	S32	30 Jun	OPFM	2.12	2.70	7,339	193.0	416.7	331.2	3.9	8.7	6.9	38.4	17.4	21.8	189.5	102.1	128.7	3.2	3.5	2.8	2.1	2.3	1.8	5.9	4.6	5.1	100	Sam Webb
Sector Aggregate													**11.4**	**9.5**	**12.3**							**5.6**	**5.8**	**4.1**	**5.2**	**4.5**	**5.3**		
Industrials - Capital Goods																													
Reliance Worldwide	RWC	30 Jun	OPFM	4.17	4.75	3,295	130.3	187.7	172.0	16.6	23.4	21.5	25.2	17.8	19.4	124.3	104.5	114.4	7.0	9.5	9.5	1.7	2.3	2.3	14.3	11.1	11.1	100	Peter Wilson
Sector Aggregate													**25.2**	**17.8**	**19.4**							**1.7**	**2.3**	**2.3**	**14.3**	**11.1**	**11.1**		
Industrials - Commercial & Professional Services																													
ALS Ltd	ALQ	31 Mar	OPFM	9.59	9.75	4,626	188.8	183.9	223.5	38.9	37.8	45.9	24.6	25.4	20.9	121.7	149.3	123.3	17.6	22.9	27.8	1.8	2.4	2.9	14.9	14.8	12.9	30	Paul Butler
Brambles	BXB	30 Jun	OPFM	10.01	12.25	10,744	504.0	525.2	586.6	31.6	34.7	40.9	22.7	20.6	17.5	111.9	121.1	103.2	26.1	27.9	32.6	2.5	2.8	3.3	7.5	7.5	7.3	30	Paul Butler
Cleanaway Waste Management	CWY	30 Jun	OPFM	2.10	2.45	4,321	150.3	166.2	205.3	7.3	8.1	10.0	28.7	25.9	21.0	141.5	152.5	123.9	4.1	4.5	5.5	2.0	2.1	2.6	10.3	9.3	8.0	100	Paul Butler
Downer EDI	DOW	30 Jun	OPFM	4.56	4.70	3,198	163.2	194.5	262.5	27.4	30.0	37.4	16.6	15.2	12.2	82.0	89.3	71.9	14.0	19.4	22.8	3.1	4.3	5.0	6.3	5.4	4.8	50	Paul Butler
Sector Aggregate													**22.0**	**21.1**	**17.5**							**2.4**	**2.8**	**3.3**	**8.1**	**8.1**	**7.5**		
Industrials - Transportation																													
Atlas Arteria	ALX	31 Dec	OPFM	5.95	7.90	5,706	- 99.6	271.2	331.7	-10.8	28.3	34.6	n.m	21.0	17.2	n.m	123.6	101.5	11.0	26.4	41.0	1.8	4.4	6.9	105.5	16.5	14.4	0	Paul Butler
Aurizon	AZJ	30 Jun	OPFM	3.91	5.40	7,380	531.4	497.6	551.5	27.2	26.4	30.5	14.4	14.8	12.8	70.9	86.9	75.5	27.4	26.4	30.5	7.0	6.8	7.8	7.5	7.9	7.6	70	Paul Butler
Qantas	QAN	30 Jun	UPFM	4.43	3.00	8,355	- 1,964.0	- 926.0	534.0	-129.4	-49.7	28.6	n.m	n.m	15.5	n.m	n.m	91.2	0.0	0.0	0.0	0.0	0.0	0.0	5.4	12.1	4.0	100	Paul Butler
Qube Holdings Limited	QUB	30 Jun	OPFM	2.72	3.20	5,173	104.2	132.3	170.3	6.2	7.0	9.0	43.8	38.8	30.1	216.5	227.9	177.7	5.8	5.8	5.8	2.1	2.1	2.1	22.1	20.1	17.2	100	Paul Butler
Sydney Airport	SYD	31 Dec	UPFM	5.81	4.50	15,679	- 253.2	- 62.9	165.4	-9.4	-2.3	6.1	n.m	n.m	94.7	n.m	n.m	558.9	0.0	11.0	20.5	0.0	1.9	3.5	59.3	37.4	24.8	50	Paul Butler
Transurban	TCL	30 Jun	UPFM	13.79	12.60	37,737	- 153.0	- 247.1	99.8	-5.6	-9.1	3.7	n.m	n.m	n.m	n.m	n.m	n.m	47.0	31.4	40.1	3.4	2.3	2.9	30.6	30.1	25.4	22	Paul Butler
Sector Aggregate													**n.m**	**n.m**	**42.4**							**2.5**	**2.5**	**3.4**	**18.5**	**20.5**	**13.7**		

Source: Company data, Refinitiv, Credit Suisse estimates

CREDIT SUISSE

Top 100 Earnings & Dividends (continued)

As at 28 October 2020	Ticker	Year to	Rating	Share Price	12M Tgt	Mkt Cap	NPAT			EPS			PE			Relative PE			Dividend			Dividend Yield			EBITDA Multiple			F'kg	Analyst Name
							2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	
				$	$	$m	$m	$m	$m	¢	¢	¢	x	x	x	%	%	%	¢	¢	¢	%	%	%	x	x	x	%	
Consumer Discretionary - Consumer Durables & Apparel																													
Consumer Discretionary - Consumer Services																													
Aristocrat Leisure	ALL	30 Sep	OPFM	30.31	30.00	19,354	473.9	744.4	1,042.7	74.2	116.6	163.3	40.8	26.0	18.6	201.6	152.8	109.5	0.0	72.0	73.0	0.0	2.4	2.4	20.1	15.0	11.6	75	Larry Gandler
Crown	CWN	30 Jun	OPFM	8.54	10.35	5,783	160.0	- 85.3	223.1	23.6	-12.6	32.9	36.1	n.m	25.9	178.5	n.m	152.9	30.0	0.0	60.0	3.5	0.0	7.0	13.4	30.0	9.1	0	Larry Gandler
Domino's Pizza Enterprises	DMP	30 Jun	UPFM	87.93	61.32	7,608	145.6	173.4	189.7	169.1	200.9	219.7	52.0	43.8	40.0	256.8	257.2	236.1	119.3	140.8	153.9	1.4	1.6	1.8	24.8	21.7	20.2	50	Grant Saligari
Flight Centre	FLT	30 Jun	NTRL	11.95	15.31	2,379	- 384.9	- 208.2	49.8	-320.9	-104.6	25.0	n.m	n.m	47.8	n.m	n.m	281.9	0.0	0.0	7.7	0.0	0.0	0.6	n.m	n.m	10.5	100	Grant Saligari
Star Entertainment Group	SGR	30 Jun	OPFM	3.54	3.85	3,247	120.8	143.2	160.8	13.2	15.3	16.9	26.8	23.2	20.9	132.4	136.2	123.2	10.5	0.0	12.0	3.0	0.0	3.4	10.9	9.4	8.7	100	Larry Gandler
Tabcorp Holdings	TAH	30 Jun	OPFM	3.37	4.40	7,472	273.0	319.6	403.2	13.4	14.6	18.1	25.1	23.1	18.6	123.7	135.8	109.7	11.0	7.0	15.0	3.3	2.1	4.5	10.9	9.2	8.1	100	Larry Gandler
Sector Aggregate													**81.8**	**42.1**	**22.2**							**1.4**	**1.6**	**3.2**	**20.0**	**15.9**	**10.9**		
Consumer Discretionary - Retailing																													
JB Hi-Fi	JBH	30 Jun	NTRL	50.50	50.21	5,802	326.3	362.8	297.0	281.3	312.8	256.1	18.0	16.1	19.7	88.6	94.9	116.3	189.0	205.3	168.1	3.7	4.1	3.3	8.8	8.6	9.6	100	Grant Saligari
Wesfarmers	WES	30 Jun	OPFM	46.80	51.59	53,064	2,083.0	2,145.5	2,132.0	184.0	189.1	187.9	25.4	24.8	24.9	125.6	145.5	147.0	152.0	181.4	169.2	3.2	3.9	3.6	13.4	12.9	12.9	100	Grant Saligari
Sector Aggregate													**24.4**	**23.5**	**24.3**							**3.3**	**3.9**	**3.6**	**12.7**	**12.3**	**12.5**		
Consumer Staples - Food & Drug Retailing																													
Coles Group Limited	COL	30 Jun	OPFM	17.68	21.04	23,584	935.0	1,209.1	1,150.0	70.1	90.6	86.2	25.2	19.5	20.5	124.5	114.6	121.0	57.5	74.7	71.1	3.3	4.2	4.0	10.1	8.9	9.1	100	Grant Saligari
Woolworths	WOW	30 Jun	NTRL	39.07	40.43	49,438	1,602.0	1,984.6	1,996.8	127.4	157.2	158.1	30.7	24.9	24.7	151.5	146.1	145.8	94.0	114.0	116.2	2.4	2.9	3.0	11.6	10.6	10.4	100	Grant Saligari
Sector Aggregate													**28.7**	**22.8**	**23.2**							**2.7**	**3.3**	**3.3**	**11.1**	**10.0**	**9.9**		
Consumer Staples - Food Beverage & Tobacco																													
Coca-Cola Amatil	CCL	31 Dec	RSTR	12.43		8,999	314.5	364.4	403.5	43.4	50.3	55.7	28.6	24.7	22.3	141.3	145.1	131.6	31.0	41.0	45.0	2.5	3.3	3.6	12.0	10.9	10.3	50	Larry Gandler
Treasury Wine	TWE	30 Jun	OPFM	9.07	12.30	6,543	315.9	331.1	416.2	43.8	45.8	57.5	20.7	19.8	15.8	102.3	116.4	93.1	27.0	30.0	37.0	3.0	3.3	4.1	10.5	10.1	8.5	88	Larry Gandler
Sector Aggregate													**24.7**	**22.4**	**19.0**							**2.7**	**3.3**	**3.8**	**11.3**	**10.6**	**9.4**		
Health Care																													
Ansell Limited	ANN	30 Jun	OPFM	40.50	43.00	3,718	158.7	170.6	183.9	120.0	130.2	139.3	24.1	22.2	20.8	119.1	130.6	122.5	50.0	57.0	62.0	1.7	2.0	2.1	14.1	12.9	12.1	0	Gretel Janu
Cochlear	COH	30 Jun	NTRL	222.88	225.00	14,651	153.8	219.8	296.6	257.6	334.2	451.1	86.5	66.7	49.4	427.2	392.0	291.5	160.0	58.0	255.0	0.7	0.3	1.1	51.2	37.3	29.1	100	Gretel Janu
CSL Ltd	CSL	30 Jun	OPFM	294.43	325.00	95,685	2,102.5	2,232.5	2,398.9	461.5	488.6	525.7	45.6	43.0	40.0	225.0	253.0	236.0	202.0	207.0	233.0	1.0	1.0	1.1	32.1	29.7	27.8	0	Gretel Janu
Ramsay Health Care	RHC	30 Jun	OPFM	63.50	70.00	14,534	336.9	465.4	655.1	155.9	198.0	280.5	40.7	32.1	22.6	201.1	188.5	133.5	62.5	78.0	156.0	1.0	1.2	2.5	12.3	11.1	9.6	100	Gretel Janu
ResMed Inc.	RMD	30 Jun	NTRL	25.98	28.00	33,420	630.3	665.9	787.8	43.4	45.6	53.4	42.8	40.7	34.8	211.1	239.1	205.1	15.6	15.8	16.6	0.8	0.9	0.9	35.4	32.2	28.1	0	Gretel Janu
Sonic Healthcare	SHL	30 Jun	OPFM	36.10	38.00	17,241	538.1	831.3	712.4	112.8	173.0	147.1	32.0	20.9	24.5	158.1	122.6	144.8	85.0	124.0	109.0	2.4	3.4	3.0	13.5	9.6	10.3	30	Gretel Janu
Sector Aggregate													**44.3**	**38.7**	**35.2**							**1.0**	**1.1**	**1.3**	**27.5**	**23.5**	**21.8**		
Financials - Banks																													
ANZ Banking Group	ANZ	30 Sep	OPFM	19.16	26.20	54,421	3,276.3	4,620.7	5,463.5	108.7	149.7	175.1	17.6	12.8	10.9	87.0	75.2	64.6	57.8	81.2	124.4	3.0	4.2	6.5	n.m	n.m	n.m	70	Jarrod Martin
Bendigo and Adelaide Bank	BEN	30 Jun	NTRL	6.70	7.00	3,551	301.7	252.0	287.4	53.0	41.7	45.5	12.6	16.1	14.7	62.5	94.5	86.9	31.0	23.7	35.0	4.6	3.5	5.2	n.m	n.m	n.m	100	Jarrod Martin
Bank of Queensland	BOQ	31 Aug	OPFM	6.42	7.60	2,917	225.0	232.5	294.2	47.5	47.5	59.1	13.5	13.5	10.9	66.8	79.5	64.1	12.0	21.8	41.4	1.9	3.4	6.5	n.m	n.m	n.m	100	Jarrod Martin
Commonwealth Bank Australia	CBA	30 Jun	NTRL	68.45	74.80	121,437	7,449.0	6,934.5	7,634.3	406.0	378.7	414.4	16.9	18.1	16.5	83.2	106.2	97.4	298.0	195.8	279.4	4.4	2.9	4.1	n.m	n.m	n.m	100	Jarrod Martin
National Australia Bank	NAB	30 Sep	OPFM	18.88	21.30	62,117	3,471.1	4,717.7	5,402.1	109.1	136.1	153.0	17.3	13.9	12.3	85.5	81.6	72.8	60.0	72.4	106.4	3.2	3.8	5.6	n.m	n.m	n.m	100	Jarrod Martin
Westpac	WBC	30 Sep	OPFM	18.31	20.60	66,130	2,396.2	5,370.0	6,656.3	66.4	144.9	175.3	27.6	12.6	10.4	136.1	74.2	61.6	19.6	72.4	113.9	1.1	4.0	6.2	n.m	n.m	n.m	100	Jarrod Martin
Sector Aggregate													**18.5**	**14.7**	**12.8**							**3.2**	**3.5**	**5.3**	**1.5**	**n.m**	**n.m**		

Source: Company data, Refinitiv, Credit Suisse estimates

Top 100 Earnings & Dividends (continued)

As at 28 October 2020	Ticker	Year to	Rating	Share Price	12M Tgt	Mkt Cap	NPAT			EPS			PE			Relative PE			Dividend			Dividend Yield			EBITDA Multiple			F'kg	Analyst
							2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	Name
				$	$	$m	$m	$m	$m	¢	¢	¢	x	x	x	%	%	%	¢	¢	¢	%	%	%	x	x	x	%	
Financials - Diversified Financials																													
AMP Limited	AMP	31 Dec	OPFM	1.31	1.75	4,485	426.3	368.4	445.3	12.5	11.0	13.5	10.4	11.8	9.7	51.4	69.5	57.1	10.0	4.0	5.0	7.7	3.1	3.8	74.5	63.7	54.9	90	James Cordukes
ASX	ASX	30 Jun	UPFM	82.40	73.00	15,952	513.8	476.1	469.3	265.4	245.9	242.4	31.0	33.5	34.0	153.3	196.9	200.5	238.9	221.4	218.2	2.9	2.7	2.6	21.5	22.2	22.1	100	James Cordukes
Challenger Limited	CGF	30 Jun	OPFM	4.72	4.90	3,189	343.7	293.1	331.6	46.9	38.2	42.6	10.1	12.4	11.1	49.7	72.6	65.3	17.5	19.5	22.5	3.7	4.1	4.8	5.9	6.6	5.4	100	James Cordukes
Magellan Financial Group	MFG	30 Jun	OPFM	57.56	66.00	10,570	438.3	455.2	538.4	241.4	248.5	293.4	23.8	23.2	19.6	117.7	136.1	115.7	214.9	222.9	259.6	3.7	3.9	4.5	17.6	17.0	14.3	75	James Cordukes
Macquarie Group	MQG	31 Mar	NTRL	131.55	107.50	47,556	2,731.0	2,355.2	2,835.9	775.6	631.8	732.7	17.0	20.8	18.0	83.7	122.4	105.9	430.0	364.0	535.3	3.3	2.8	4.1	12.6	14.4	12.1	40	Jarrod Martin
Sector Aggregate													**18.1**	**21.2**	**18.5**							**3.5**	**3.0**	**3.9**	**14.3**	**15.7**	**13.5**		
Financials - Insurance																													
Medibank Private Limited	MPL	30 Jun	OPFM	2.70	3.00	7,436	366.7	382.6	404.4	13.3	13.9	14.7	20.3	19.4	18.4	100.1	114.2	108.5	12.0	11.5	12.2	4.4	4.3	4.5	10.1	9.6	9.1	100	James Cordukes
NIB Holdings Limited	NHF	30 Jun	NTRL	4.31	4.70	1,970	110.8	119.9	139.7	24.3	26.2	30.6	17.7	16.4	14.1	87.6	96.5	83.2	14.0	15.8	19.8	3.2	3.7	4.6	12.9	11.3	9.3	100	James Cordukes
Sector Aggregate													**19.7**	**18.7**	**17.3**							**4.2**	**4.1**	**4.5**	**10.6**	**9.9**	**9.1**		
Financials - Real Estate																													
Charter Hall Group	CHC	30 Jun	NTRL	12.54	12.21	5,841	322.8	238.0	259.1	69.3	51.1	55.6	18.1	24.5	22.5	89.3	144.2	133.0	35.7	37.9	40.1	2.8	3.0	3.2	14.0	19.9	18.2	0	Peter Zuk
Dexus	DXS	30 Jun	OPFM	8.85	9.92	9,657	602.7	616.6	612.9	55.0	56.5	56.2	16.1	15.7	15.8	79.4	92.0	93.0	50.3	50.4	50.4	5.7	5.7	5.7	18.8	17.7	17.7	0	Peter Zuk
Goodman Group	GMG	30 Jun	NTRL	18.51	17.34	34,196	1,060.2	1,170.4	1,272.0	57.5	63.0	67.9	32.2	29.4	27.3	158.9	172.8	160.9	30.0	30.0	30.0	1.6	1.6	1.6	29.0	26.4	24.4	0	Peter Zuk
GPT Group	GPT	31 Dec	OPFM	4.11	4.29	8,006	460.5	538.1	565.1	23.6	27.6	29.0	17.4	14.9	14.2	85.8	87.4	83.6	20.3	23.7	25.0	5.0	5.8	6.1	21.3	18.3	17.6	0	Peter Zuk
Lend Lease	LLC	30 Jun	OPFM	12.27	13.31	8,445	- 310.0	542.5	605.9	-51.4	78.8	88.1	n.m	15.6	13.9	n.m	91.5	82.2	33.3	39.4	44.0	2.7	3.2	3.6	n.m	10.0	9.0	0	Peter Zuk
Mirvac Group	MGR	30 Jun	OPFM	2.16	2.41	8,505	519.0	477.0	527.1	13.2	12.1	13.4	16.4	17.8	16.1	80.8	104.7	95.1	9.1	9.5	9.8	4.2	4.4	4.5	17.5	19.0	17.0	0	Peter Zuk
Scentre Group	SCG	31 Dec	OPFM	2.19	2.73	11,367	739.8	923.0	975.5	14.3	17.8	18.8	15.4	12.3	11.6	75.8	72.3	68.6	9.4	12.4	13.2	4.3	5.7	6.0	18.9	15.6	15.3	0	Peter Zuk
Stockland Group	SGP	30 Jun	NTRL	3.99	4.05	9,524	692.0	657.4	713.8	29.1	27.6	29.9	13.7	14.5	13.3	67.7	85.1	78.6	24.1	23.5	25.0	6.0	5.9	6.3	14.7	15.6	14.7	0	Peter Zuk
Vicinity Centres	VCX	30 Jun	OPFM	1.27	1.61	5,781	471.3	496.0	527.3	12.4	10.9	11.6	10.3	11.7	11.0	50.7	68.5	64.7	7.7	8.8	9.4	6.1	6.9	7.4	14.7	14.7	13.8	0	Peter Zuk
Sector Aggregate													**22.0**	**17.9**	**16.8**							**3.6**	**3.9**	**4.1**	**22.3**	**18.1**	**17.0**		
Information Technology																													
Appen	APX	31 Dec	NTRL	34.02	30.00	4,139	76.9	99.7	123.0	62.1	80.3	99.1	54.8	42.4	34.3	270.6	249.1	202.5	11.7	13.9	17.2	0.3	0.4	0.5	32.0	24.8	20.3	100	Quinn Pierson
Computershare	CPU	30 Jun	NTRL	12.18	13.90	4,706	303.8	269.4	291.4	56.1	49.8	53.9	15.5	17.5	16.1	76.5	102.7	95.3	46.0	39.0	41.0	3.6	3.3	3.5	9.8	10.3	9.5	30	James Cordukes
Link Administration Holdings Limited	LNK	30 Jun	RSTR	4.82		2,561	141.9	128.8	170.3	26.5	24.1	31.9	18.2	20.0	15.1	89.8	117.5	89.3	10.0	9.9	14.7	2.1	2.1	3.0	11.3	11.1	9.2	50	James Cordukes
NEXTDC	NXT	30 Jun	NTRL	13.36	11.70	6,090	- 10.7	3.3	20.2	-3.0	0.7	4.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	58.0	49.1	38.9	0	Entcho Raykovski
Sector Aggregate													**62.4**	**61.6**	**48.6**							**0.7**	**0.7**	**0.8**	**31.6**	**30.0**	**24.8**		
Media & Entertainment																													
carsales.com.au	CAR	30 Jun	NTRL	21.65	18.80	5,333	118.8	140.7	159.1	48.5	57.2	64.5	44.7	37.9	33.6	220.5	222.6	197.9	47.0	51.8	55.8	2.2	2.4	2.6	27.9	23.7	21.4	100	Entcho Raykovski
Nine Entertainment	NEC	30 Jun	OPFM	2.15	2.35	3,667	140.8	137.9	159.0	8.3	8.1	9.3	26.0	26.6	23.1	128.4	156.3	136.1	7.0	6.0	7.0	3.3	2.8	3.3	10.3	9.2	7.8	100	Entcho Raykovski
REA Group	REA	30 Jun	NTRL	124.34	109.00	16,377	268.7	311.2	404.6	204.0	236.3	307.2	61.0	52.6	40.5	301.0	309.3	238.8	110.0	130.0	169.0	0.9	1.0	1.4	33.5	29.6	24.0	100	Entcho Raykovski
Seek	SEK	30 Jun	OPFM	22.86	23.10	8,070	90.3	48.9	102.8	25.6	13.9	29.2	89.1	n.m	78.2	440.1	967.4	461.5	13.0	0.0	33.0	0.6	0.0	1.4	22.7	25.3	17.9	100	Entcho Raykovski
Seek	SEK	30 Jun	OPFM	22.86	23.10	8,070	90.3	48.9	102.8	25.6	13.9	29.2	89.1	n.m	78.2	440.1	967.4	461.5	13.0	0.0	33.0	0.6	0.0	1.4	22.7	25.3	17.9	100	Entcho Raykovski
Seek	SEK	30 Jun	OPFM	22.86	23.10	8,070	90.3	48.9	102.8	25.6	13.9	29.2	89.1	n.m	78.2	440.1	967.4	461.5	13.0	0.0	33.0	0.6	0.0	1.4	22.7	25.3	17.9	100	Entcho Raykovski
Sector Aggregate													**54.0**	**52.3**	**40.5**							**1.3**	**1.2**	**1.8**	**24.0**	**22.4**	**18.0**		
Communications Services																													
Telstra Corporation	TLS	30 Jun	OPFM	2.70	3.85	32,112	1,819.0	1,698.9	1,774.0	15.3	14.3	14.9	17.7	18.9	18.1	87.2	111.1	106.8	16.0	16.0	16.0	5.9	5.9	5.9	5.6	6.1	6.2	100	Entcho Raykovski
TPG Telecom	TPG	31 Dec	NTRL	7.15	7.40	13,294	245.6	458.4	671.0	13.2	24.7	36.1	54.1	29.0	19.8	267.2	170.5	116.9	4.0	18.0	29.0	0.6	2.5	4.1	9.8	8.7	7.7	100	Entcho Raykovski
Sector Aggregate													**22.0**	**21.0**	**18.6**							**4.4**	**4.9**	**5.4**	**6.4**	**6.7**	**6.6**		
Utilities																													
AGL Energy	AGL	30 Jun	UPFM	12.93	12.60	8,056	816.0	643.2	416.4	127.2	103.1	66.7	10.2	12.5	19.4	50.2	73.7	114.3	98.0	103.0	67.0	7.6	8.0	5.2	5.3	5.5	6.5	0	Peter Wilson
APA Group	APA	30 Jun	NTRL	10.69	10.70	12,613	317.1	307.0	372.4	26.9	26.0	31.6	39.8	41.1	33.9	196.4	241.5	199.8	50.0	50.0	53.4	4.7	4.7	5.0	13.6	13.6	12.8	15	Peter Wilson
AusNet Services	AST	31 Mar	NTRL	2.02	1.90	7,581	290.7	278.8	309.5	7.9	7.4	8.1	25.6	27.2	24.9	126.5	159.9	146.6	10.2	9.0	9.3	5.0	4.5	4.6	14.0	14.3	14.0	45	Peter Wilson
Spark Infrastructure Group	SKI	31 Dec	OPFM	2.04	2.65	3,546	69.8	42.2	40.9	4.1	2.4	2.3	50.3	85.1	89.3	248.2	500.5	526.7	14.0	10.0	10.0	6.9	4.9	4.9	13.7	16.6	16.4	30	Peter Wilson
Sector Aggregate													**21.5**	**25.0**	**28.1**							**5.7**	**5.5**	**4.9**	**9.8**	**10.2**	**10.6**		
Report Average													**20.3**	**17.0**	**17.0**							**3.4**	**3.6**	**3.8**	**4.8**	**n.m**	**n.m**		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends

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As at 28 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Energy																													
Cooper Energy	COE	30 Jun	NTRL	0.33	0.33	529	-6.6	13.0	48.1	-0.4	0.8	2.8	n.m	42.3	11.4	n.m	210.8	71.0	0.0	0.0	0.0	0.0	0.0	0.0	23.6	7.6	3.0	0	Saul Kavonic
FAR Limited	FAR	31 Dec	OPFM	0.01	0.03	78	-5.4	-19.9	-39.2	-0.1	-0.2	-0.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	0.5	n.m	n.m	0	Sam Webb
New Hope Corporation	NHC	31 Jul	NTRL	1.07	1.40	891	83.9	1.3	53.3	10.1	0.2	6.4	10.6	n.m	16.7	43.4	n.m	103.8	6.0	0.0	0.0	5.6	0.0	0.0	4.3	8.6	5.7	100	Sam Webb
Strike Energy	STX	30 Jun	OPFM	0.25	0.31	422	-6.1	-0.0	-1.7	-0.3	0.0	-0.1	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	0	Saul Kavonic
Senex Energy Limited	SXY	30 Jun	OPFM	0.32	0.43	460	3.8	12.3	44.0	0.3	0.8	3.0	n.m	37.3	10.4	499.2	186.0	64.8	0.0	0.0	0.0	0.0	0.0	0.0	9.6	6.5	4.1	100	Peter Liu
Viva Energy	VEA	31 Dec	NTRL	1.66	1.78	2,697	28.3	44.7	146.1	1.5	2.7	8.9	n.m	61.1	18.7	457.1	304.4	115.9	1.0	1.4	4.5	0.6	0.8	2.7	9.9	8.5	6.8	100	Grant Saligari
Whitehaven Coal	WHC	30 Jun	OPFM	0.98	1.95	1,007	30.0	-74.0	25.3	3.0	-7.4	2.5	32.6	n.m	38.6	133.3	n.m	239.7	1.5	0.0	0.0	1.5	0.0	0.0	6.3	10.3	5.9	100	Sam Webb
Sector Aggregate													**51.2**	**n.m**	**25.0**							**1.3**	**0.4**	**1.2**	**8.3**	**12.9**	**6.1**		
Materials - Chemicals																													
Nufarm	NUF	31 Jul	OPFM	3.63	5.07	1,378	-94.2	28.3	76.9	-24.7	7.4	20.1	n.m	49.1	18.0	n.m	244.6	112.0	0.0	2.0	6.0	0.0	0.6	1.7	7.7	4.8	3.8	0	Grant Saligari
Materials - Construction Materials																													
Adelaide Brighton	ABC	31 Dec	UPFM	2.90	2.10	1,892	108.8	94.6	86.1	16.7	14.5	13.2	17.4	20.0	22.0	71.2	99.7	136.5	11.0	9.5	8.5	3.8	3.3	2.9	9.3	10.0	10.4	100	Peter Wilson
CSR	CSR	31 Mar	OPFM	4.65	5.30	2,257	134.8	163.3	129.7	27.3	33.6	26.7	17.0	13.8	17.4	69.8	69.0	108.1	10.0	14.5	16.0	2.2	3.1	3.4	7.5	6.4	7.3	100	Peter Wilson
Wagners Holding Company Ltd	WGN	30 Jun	NTRL	1.48	1.10	277	1.0	3.9	3.3	0.6	2.1	1.8	n.m	70.8	82.7	n.m	353.1	513.4	0.0	0.0	1.1	0.0	0.0	0.7	15.9	13.1	13.3	100	Peter Wilson
Materials - Containers & Packaging																													
Pact Group Holdings	PGH	30 Jun	OPFM	2.29	2.95	788	73.2	67.4	74.5	21.2	19.5	21.6	10.8	11.7	10.6	44.2	58.5	65.8	3.0	8.0	16.0	1.3	3.5	7.0	4.7	4.6	4.2	65	Larry Gandler
Materials - Metals & Mining																													
Coronado Global Resources Inc	CRN	31 Dec	OPFM	0.78	1.60	766	-94.6	21.7	49.0	-8.0	1.6	3.5	n.m	35.3	15.6	n.m	175.8	97.1	0.0	0.0	2.0	0.0	0.0	3.6	10.1	4.2	3.4	100	Sam Webb
Deterra Royalties Limited	DRR	30 Jun	NTRL	4.15	4.40	2,193	59.2	102.7	139.2	11.2	19.4	26.3	37.1	21.4	15.8	151.8	106.4	97.8	5.9	19.4	26.3	1.4	4.7	6.3	25.8	14.9	11.0	100	Sam Webb
Galaxy Resources Ltd	GXY	31 Dec	NTRL	1.34	0.84	392	-21.7	-26.5	-25.7	-5.3	-6.5	-6.3	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	156.2	32.4	0	Nick Herbert
IGO Limited	IGO	30 Jun	NTRL	4.24	4.35	2,505	155.1	99.6	135.0	26.1	16.8	22.7	16.2	25.3	18.6	66.4	126.0	115.7	11.0	12.0	12.0	2.6	2.8	2.8	4.5	4.9	3.6	0	Nick Herbert
New Century Resources	NCZ	30 Jun	OPFM	0.17	0.45	166	-13.3	35.5	67.2	-1.4	3.2	6.1	n.m	5.2	2.8	n.m	26.1	17.2	0.0	1.8	3.4	0.0	10.7	20.2	n.m	2.9	1.6	100	Nick Herbert
OceanaGold Corporation	OGC	31 Dec	OPFM	2.11	4.20	106	-4.4	270.4	382.0	-0.7	43.5	61.4	n.m	3.5	2.5	n.m	17.3	15.2	0.0	1.5	2.0	0.0	1.0	1.3	1.4	0.1	n.m	0	Nick Herbert
Orocobre Ltd	ORE	30 Jun	NTRL	2.62	2.85	644	-6.8	-27.0	-15.0	-2.6	-8.8	-4.4	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	84.4	0	Nick Herbert
Pilbara Minerals Ltd	PLS	30 Jun	OPFM	0.39	0.40	869	-99.3	-16.3	27.6	-4.7	-0.7	1.2	n.m	n.m	31.8	n.m	n.m	197.4	0.0	0.0	0.6	0.0	0.0	1.6	n.m	n.m	17.7	0	Nick Herbert
Perseus Mining	PRU	30 Jun	OPFM	1.28	1.60	1,563	94.4	92.3	258.5	7.9	7.7	21.6	16.2	16.6	5.9	66.2	82.7	36.6	0.0	0.0	0.0	0.0	0.0	0.0	5.9	5.1	1.8	0	Nick Herbert
Regis Resources Limited	RRL	30 Jun	OPFM	4.37	6.45	2,235	199.5	333.6	432.3	39.2	65.5	84.9	11.2	6.7	5.1	45.6	33.2	31.9	16.0	16.0	16.0	3.7	3.7	3.7	5.3	3.2	2.4	0	Nick Herbert
St Barbara Mining	SBM	30 Jun	OPFM	2.73	4.40	1,926	108.5	274.3	374.1	15.4	38.9	52.8	17.7	7.0	5.2	72.4	35.0	32.1	8.0	4.0	7.0	2.9	1.5	2.6	5.5	3.2	2.5	0	Nick Herbert
Sandfire Resources Limited	SFR	30 Jun	OPFM	4.29	5.40	765	74.1	97.1	126.4	42.9	54.5	70.9	10.0	7.9	6.0	41.0	39.3	37.5	19.0	13.4	17.7	4.4	3.1	4.1	1.5	1.1	1.0	100	Nick Herbert
Sims Metal Management	SGM	30 Jun	NTRL	9.38	9.85	1,889	-58.1	55.0	98.4	-28.7	27.1	48.6	n.m	34.6	19.3	n.m	172.4	119.8	6.0	9.5	10.1	0.6	1.0	1.1	14.8	7.5	5.9	100	Nick Herbert
Syrah Resources	SYR	31 Dec	OPFM	0.47	0.70	139	-41.7	-25.2	23.4	-10.1	-6.1	5.6	n.m	n.m	6.0	n.m	n.m	36.9	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	4.6	0	Nick Herbert
Western Areas	WSA	30 Jun	OPFM	2.35	2.50	646	31.8	24.3	20.1	11.5	8.7	7.2	20.5	26.9	32.6	83.8	134.0	202.3	2.0	2.6	2.2	0.9	1.1	0.9	4.2	5.1	6.1	100	Nick Herbert
Sector Aggregate													**62.5**	**16.7**	**9.9**							**1.6**	**2.0**	**2.8**	**6.9**	**3.3**	**3.6**		
Materials - Paper & Forest Products																													
Sector Aggregate													**n.m**	**n.m**	**n.m**														
Industrials - Capital Goods																													
CIMIC Group Limited	CIM	31 Dec	OPFM	22.03	34.00	6,963	697.9	744.8	754.3	219.6	234.3	237.3	10.0	9.4	9.3	41.1	46.9	57.6	78.0	152.3	154.3	3.5	6.9	7.0	3.8	3.4	3.1	100	Paul Butler
GWA Group Limited	GWA	30 Jun	OPFM	2.77	2.85	732	44.9	40.0	44.7	16.9	15.1	16.9	16.4	18.3	16.4	66.9	91.4	101.8	11.0	10.5	12.5	4.0	3.8	4.5	10.3	11.1	10.3	100	Peter Wilson
Monadelphous	MND	30 Jun	NTRL	9.91	10.30	938	51.1	61.2	67.2	54.1	64.6	71.0	18.3	15.3	14.0	74.9	76.4	86.7	35.0	48.2	53.1	3.5	4.9	5.4	7.6	6.8	6.1	100	Matthew Nicholas
Seven Group Holdings	SVW	30 Jun	OPFM	20.16	21.90	6,841	492.6	435.6	520.8	145.1	128.4	153.4	13.9	15.7	13.1	56.9	78.3	81.5	42.0	42.0	42.0	2.1	2.1	2.1	10.3	10.1	8.8	0	Matthew Nicholas
Sector Aggregate													**12.1**	**12.1**	**11.2**							**2.9**	**4.5**	**4.6**	**5.7**	**5.3**	**4.7**		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends (continued)

As at 28 October 2020	Ticker	Year to	Rating	Share Price	12M Tgt	Mkt Cap	NPAT			EPS			PE			Relative PE			Dividend			Dividend Yield			EBITDA Multiple			F'kg	Analyst Name
							2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2021	
				$	$	$m	$m	$m	$m	¢	¢	¢	x	x	x	%	%	%	¢	¢	¢	%	%	%	x	x	x	%	
Industrials - Commercial & Professional Services																													
Bingo Industries	BIN	30 Jun	NTRL	2.55	2.40	1,668	53.5	43.7	71.4	8.2	6.7	10.9	31.2	38.2	23.3	127.8	190.3	144.9	3.7	2.7	4.4	1.5	1.1	1.7	13.0	14.0	10.2	100	Paul Butler
McMillan Shakespeare	MMS	30 Jun	OPFM	9.36	10.60	724	69.0	74.2	86.0	86.5	93.9	108.9	10.8	10.0	8.6	44.3	49.7	53.3	34.0	61.5	74.3	3.6	6.6	7.9	7.5	6.7	5.5	100	Paul Buys
SmartGroup Corporation Ltd	SIQ	31 Dec	OPFM	5.67	7.05	753	62.6	70.1	77.2	46.6	52.1	57.5	12.2	10.9	9.9	49.8	54.2	61.2	33.6	36.3	40.2	5.9	6.4	7.1	8.1	7.1	6.4	100	Paul Buys
Sector Aggregate													**17.3**	**16.9**	**13.6**							**3.0**	**3.6**	**4.4**	**9.9**	**9.5**	**7.6**		
Industrials - Transportation																													
Alliance Aviation	AQZ	30 Jun	OPFM	3.41	4.05	547	27.4	29.1	35.7	21.4	18.4	22.5	15.9	18.6	15.2	65.1	92.5	94.1	7.3	9.0	11.5	2.1	2.6	3.4	6.4	7.2	5.7	100	Matthew Nicholas
Sector Aggregate													**15.9**	**18.6**	**15.2**							**2.1**	**2.6**	**3.4**	**6.4**	**7.2**	**5.7**		
Consumer Discretionary - Automobiles & Components																													
ARB Corp	ARB	30 Jun	NTRL	31.90	30.25	2,579	57.3	70.3	73.6	71.9	88.1	92.2	44.4	36.2	34.6	181.7	180.5	214.8	39.5	48.6	51.7	1.2	1.5	1.6	25.0	21.0	20.1	100	Matthew Nicholas
G.U.D. Holdings	GUD	30 Jun	NTRL	12.81	13.00	1,114	50.9	59.7	62.5	58.3	68.1	71.3	22.0	18.8	18.0	90.0	93.7	111.5	37.0	43.0	44.7	2.9	3.4	3.5	14.9	12.6	11.9	100	Matthew Nicholas
Consumer Discretionary - Consumer Durables & Apparel																													
Breville Group	BRG	30 Jun	NTRL	26.18	26.79	3,637	82.8	88.5	95.9	63.2	64.8	70.2	41.4	40.4	37.3	169.6	201.4	231.5	41.0	46.3	50.3	1.6	1.8	1.9	23.6	23.6	21.6	60	Annabelle Diamond
Sector Aggregate													**41.4**	**40.4**	**37.3**							**1.6**	**1.8**	**1.9**	**23.6**	**23.6**	**21.6**		
Consumer Discretionary - Consumer Services																													
Corporate Travel Management	CTD	30 Jun	NTRL	16.02	13.60	2,180	32.0	21.0	78.1	28.5	18.7	69.6	56.2	85.5	23.0	229.9	426.4	142.9	0.0	0.0	0.0	0.0	0.0	0.0	32.1	46.4	18.9	100	Quinn Pierson
Pointsbet	PBH	30 Jun	NTRL	10.99	10.50	1,903	- 39.7	- 87.3	- 48.6	-24.9	-29.9	-15.8	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	0	Alice Li
Sector Aggregate													**n.m**	**n.m**	**60.6**							**0.0**	**0.0**	**0.0**	**148.8**	**n.m**	**49.8**		
Consumer Discretionary - Retailing																													
AP Eagers Limited	APE	31 Dec	NTRL	11.56	9.40	2,970	73.3	111.2	134.6	28.5	43.3	52.4	40.5	26.7	22.1	165.8	133.1	136.9	6.0	26.0	38.0	0.5	2.2	3.3	27.2	17.9	15.8	100	Paul Buys
Bapcor	BAP	30 Jun	OPFM	7.99	8.75	2,712	88.7	114.8	125.8	30.1	33.8	37.1	26.6	23.6	21.6	108.8	117.7	133.8	17.5	18.0	20.0	2.2	2.3	2.5	17.8	14.6	13.1	100	Matthew Nicholas
Harvey Norman	HVN	30 Jun	OPFM	4.62	5.06	5,757	456.1	560.7	423.2	37.2	45.3	34.1	12.4	10.2	13.6	50.9	50.8	84.2	24.0	28.8	21.8	5.2	6.2	4.7	7.7	6.9	8.2	100	Grant Saligari
Kogan.com	KGN	30 Jun	NTRL	21.03	21.33	2,221	27.3	48.6	50.2	27.4	47.0	48.5	76.7	44.8	43.4	313.9	223.1	269.3	21.0	35.2	36.3	1.0	1.7	1.7	42.3	26.0	25.0	100	Annabelle Diamond
Premier Investments	PMV	25 Jul	NTRL	22.03	20.39	3,497	141.2	178.0	186.1	88.8	112.1	117.2	24.8	19.6	18.8	101.6	97.9	116.6	70.0	86.9	95.4	3.2	3.9	4.3	8.5	8.5	8.3	100	Annabelle Diamond
Super Retail Group	SUL	30 Jun	OPFM	11.70	12.21	2,642	148.2	202.0	190.5	74.4	88.8	83.8	15.7	13.2	14.0	64.4	65.7	86.7	19.5	52.7	50.3	1.7	4.5	4.3	6.6	6.0	6.0	100	Grant Saligari
Webjet	WEB	30 Jun	NTRL	3.82	3.70	1,295	- 17.7	- 36.4	35.7	-10.1	-10.7	10.5	n.m	n.m	36.2	n.m	n.m	224.9	9.0	0.0	0.0	2.4	0.0	0.0	48.4	n.m	13.8	100	Quinn Pierson
Sector Aggregate													**22.4**	**17.8**	**18.4**							**2.8**	**3.7**	**3.5**	**11.1**	**9.9**	**9.9**		

Source: Company data, Refinitiv, Credit Suisse estimates

Emerging Companies Earnings & Dividends (continued)

As at 28 October 2020	Ticker	Year to	Rating	Share Price $	12M Tgt $	Mkt Cap $m	NPAT 2020 $m	NPAT 2021 $m	NPAT 2022 $m	EPS 2020 ¢	EPS 2021 ¢	EPS 2022 ¢	PE 2020 x	PE 2021 x	PE 2022 x	Relative PE 2020 %	Relative PE 2021 %	Relative PE 2022 %	Dividend 2020 ¢	Dividend 2021 ¢	Dividend 2022 ¢	Dividend Yield 2020 %	Dividend Yield 2021 %	Dividend Yield 2022 %	EBITDA Multiple 2020 x	EBITDA Multiple 2021 x	EBITDA Multiple 2022 x	F'kg 2021 %	Analyst Name
Consumer Staples - Food & Drug Retailing																													
Graincorp	GNC	30 Sep	OPFM	3.71	4.85	849	3.8	78.8	61.3	1.6	34.4	26.8	n.m	10.8	13.8	922.0	53.7	85.9	2.0	19.7	14.6	0.5	5.3	3.9	8.2	4.1	4.4	100	Grant Saligari
Metcash	MTS	30 Apr	OPFM	3.09	3.62	3,159	198.8	221.8	211.3	21.8	21.8	20.8	14.1	14.2	14.9	57.9	70.6	92.3	12.5	12.9	12.3	4.0	4.2	4.0	8.0	7.3	7.3	100	Grant Saligari
Sector Aggregate													**17.7**	**13.3**	**14.6**							**3.3**	**4.4**	**4.0**	**8.1**	**6.2**	**6.4**		
Consumer Staples - Food Beverage & Tobacco																													
Costa Group Hldg	CGC	31 Dec	OPFM	3.61	3.60	1,447	44.1	66.3	68.3	11.0	16.4	16.8	32.9	22.0	21.5	134.6	109.8	133.5	7.2	9.8	10.1	2.0	2.7	2.8	10.4	8.8	8.3	100	Larry Gandler
Huon Aquaculture Group Limited	HUO	30 Jun	NTRL	2.70	3.35	297	5.5	16.3	39.4	6.3	15.3	35.7	42.8	17.7	7.6	175.3	88.0	46.9	0.0	7.0	11.5	0.0	2.6	4.3	11.4	6.4	3.9	0	Paul Buys
Inghams Group Limited	ING	30 Jun	OPFM	2.92	3.95	1,085	78.8	86.3	103.0	21.2	23.2	27.7	13.8	12.6	10.5	56.4	62.7	65.4	14.0	15.9	20.5	4.8	5.5	7.0	7.8	7.3	6.5	100	Paul Buys
Ridley Corporation Limited	RIC	30 Jun	NTRL	0.81	0.85	259	21.9	21.2	23.5	7.0	6.7	7.4	11.6	12.2	11.0	47.4	60.7	68.2	2.8	1.8	4.8	3.4	2.2	5.9	7.4	6.6	6.2	100	Paul Buys
Tassal Group Limited	TGR	30 Jun	OPFM	3.72	4.30	786	64.2	72.4	82.2	31.5	34.5	39.2	11.8	10.8	9.5	48.3	53.7	58.9	18.0	19.5	20.5	4.8	5.2	5.5	7.8	7.0	6.3	49	Paul Buys
United Malt Grp	UMG	30 Sep	NTRL	4.19	4.02	1,254	48.9	63.1	72.0	17.2	21.1	24.1	24.3	19.9	17.4	99.6	99.0	108.1	2.9	12.7	14.4	0.7	3.0	3.4	11.2	10.0	8.9	100	Grant Saligari
Sector Aggregate													**19.0**	**15.7**	**13.2**							**2.7**	**3.7**	**4.5**	**9.3**	**8.1**	**7.1**		
Consumer Staples - Household & Personal Products																													
Asaleo Care Limited	AHY	31 Dec	OPFM	1.00	1.28	540	40.5	40.2	42.6	7.5	7.4	7.8	13.3	13.5	12.7	54.6	67.1	78.7	3.0	5.5	5.9	3.0	5.5	5.9	6.8	6.8	6.5	32	Larry Gandler
Blackmores Ltd	BKL	30 Jun	NTRL	72.48	65.00	1,402	15.2	32.9	41.3	86.6	176.3	220.9	83.7	41.1	32.8	342.5	204.9	203.6	0.0	120.0	155.0	0.0	1.7	2.1	29.0	18.9	16.1	100	Larry Gandler
Sector Aggregate													**33.9**	**26.2**	**22.8**							**0.8**	**2.7**	**3.2**	**15.2**	**12.6**	**11.4**		
Health Care																													
Australian Pharmaceutical Ind	API	31 Aug	NTRL	1.06	1.05	522	30.2	45.1	47.1	6.1	9.1	9.5	17.4	11.6	11.1	71.2	58.0	69.0	2.0	5.8	6.8	1.9	5.5	6.4	3.7	3.7	3.7	100	Gretel Janu
Capitol Health Limited	CAJ	30 Jun	OPFM	0.26	0.30	261	10.0	11.7	14.5	1.2	1.1	1.4	21.6	22.2	18.0	88.5	110.9	111.8	1.0	1.0	1.3	3.9	4.0	5.0	9.7	9.3	8.1	100	Matthew Nicholas
Healius	HLS	30 Jun	OPFM	3.59	4.00	2,237	46.2	153.8	114.6	7.4	24.7	18.4	48.4	14.5	19.5	198.1	72.5	121.1	2.6	9.2	7.1	0.7	2.6	2.0	8.6	4.7	5.2	100	Gretel Janu
Integral Diagnostics Limited	IDX	30 Jun	OPFM	4.12	4.50	818	31.2	39.4	41.5	16.0	20.0	21.0	25.7	20.6	19.6	105.2	102.6	121.7	9.5	8.8	14.1	2.3	2.1	3.4	14.7	11.9	11.1	100	Matthew Nicholas
Mayne Pharma	MYX	30 Jun	NTRL	0.31	0.38	521	- 13.3	- 7.7	49.6	-0.9	-0.5	3.2	n.m	n.m	9.6	n.m	n.m	59.5	0.0	0.0	0.0	0.0	0.0	0.0	8.2	6.9	3.9	0	Gretel Janu
Sigma Healthcare	SIG	31 Jan	OPFM	0.54	0.70	567	12.5	27.3	43.7	1.3	2.7	4.4	42.6	19.5	12.2	174.2	97.1	75.6	1.0	0.0	3.7	1.9	0.0	6.9	12.8	8.6	6.8	100	Gretel Janu
Sector Aggregate													**41.5**	**18.2**	**15.5**							**1.3**	**2.3**	**3.2**	**8.3**	**5.8**	**5.5**		
Financials - Diversified Financials																													
Eclipx Group	ECX	30 Sep	OPFM	1.56	1.25	497	34.9	35.0	45.5	10.9	10.9	14.1	14.3	14.2	11.0	58.3	71.0	68.2	0.0	2.7	7.0	0.0	1.7	4.5	27.9	27.0	23.5	100	Paul Buys
FlexiGroup Limited	FXL	30 Jun	NTRL	1.02	1.36	505	29.2	63.0	71.4	7.4	12.7	13.8	13.8	8.1	7.4	56.4	40.1	45.9	3.7	4.6	5.4	3.7	4.5	5.3	18.6	15.2	15.7	100	Paul Buys
HUB24 Limited	HUB	30 Jun	NTRL	20.97	21.50	1,324	10.1	16.9	28.2	15.8	25.1	40.2	n.m	83.5	52.1	542.3	416.4	323.5	7.0	10.7	17.2	0.3	0.5	0.8	65.7	43.5	27.4	100	James Cordukes
IOOF Holdings	IFL	30 Jun	OPFM	2.99	5.00	1,941	128.8	147.3	249.8	36.7	25.0	38.5	8.1	12.0	7.8	33.3	59.7	48.2	27.5	15.0	23.0	9.2	5.0	7.7	10.0	9.7	6.6	100	James Cordukes
Netwealth Group Limited	NWL	30 Jun	NTRL	17.92	14.75	4,259	43.8	51.4	62.7	17.9	21.0	25.7	n.m	85.2	69.7	409.8	424.4	432.8	14.7	16.8	20.6	0.8	0.9	1.1	64.4	55.1	45.0	100	James Cordukes
Pendal Group Limited	PDL	30 Sep	NTRL	6.72	6.10	2,169	156.1	153.0	167.4	48.4	47.4	51.9	13.9	14.2	13.0	56.9	70.6	80.4	37.0	41.0	43.0	5.5	6.1	6.4	11.0	10.8	9.7	10	James Cordukes
Perpetual Limited	PPT	30 Jun	NTRL	27.87	31.00	1,575	93.5	112.8	136.0	197.0	203.2	241.2	14.1	13.7	11.6	57.9	68.3	71.7	155.0	115.0	135.0	5.6	4.1	4.8	7.8	8.4	6.9	86	James Cordukes
Platinum Asset Management	PTM	30 Jun	NTRL	3.08	3.30	1,807	155.6	130.2	127.3	26.8	22.4	22.0	11.5	13.7	14.0	47.1	68.4	87.1	24.0	22.0	22.0	7.8	7.1	7.1	7.7	9.2	9.4	100	James Cordukes
Sector Aggregate													**17.9**	**19.4**	**16.0**							**4.1**	**3.6**	**4.3**	**14.7**	**14.9**	**12.4**		
Financials - Insurance																													
AUB Group Limited	AUB	30 Jun	OPFM	17.37	16.00	1,292	46.9	53.8	56.3	63.5	71.9	74.9	27.3	24.1	23.2	111.9	120.4	144.0	50.0	51.0	52.0	2.9	2.9	3.0	14.3	12.8	12.1	100	Matthew Nicholas
Steadfast Group Ltd	SDF	30 Jun	OPFM	3.56	3.80	3,092	138.9	144.7	151.7	16.2	16.7	17.5	21.9	21.3	20.3	89.8	106.1	126.0	9.6	9.9	10.5	2.7	2.8	3.0	16.5	15.7	14.9	100	Matthew Nicholas
Sector Aggregate													**23.3**	**22.1**	**21.1**							**2.8**	**2.8**	**3.0**	**15.8**	**14.7**	**14.0**		
Financials - Real Estate																													
Abacus Prop Grp	ABP	30 Jun	OPFM	2.82	2.90	1,877	124.9	120.9	125.9	19.4	18.5	19.3	14.5	15.2	14.6	59.4	75.9	90.8	18.5	18.2	18.5	6.6	6.5	6.6	16.3	17.3	17.7	0	Peter Zuk
Arena REIT	ARF	30 Jun	NTRL	2.61	2.43	890	43.8	50.5	53.5	14.5	14.9	15.8	18.0	17.5	16.5	73.6	87.2	102.6	14.0	14.5	15.2	5.4	5.6	5.8	20.8	19.6	18.7	0	Peter Zuk
Centuria Industrial REIT	CIP	30 Jun	NTRL	3.13	3.18	1,594	59.7	80.1	85.8	17.8	16.1	16.9	17.6	19.5	18.5	72.0	97.0	115.1	18.7	17.0	17.4	6.0	5.4	5.6	25.9	22.2	20.8	0	Peter Zuk
Centuria Office REIT	COF	30 Jun	OPFM	2.05	2.14	1,055	78.3	88.1	86.5	17.1	17.1	16.8	12.0	12.0	12.2	49.2	59.7	75.6	17.8	16.5	16.5	8.7	8.0	8.0	18.7	17.0	17.2	0	Peter Zuk
Charter Hall Retail REIT	CQR	30 Jun	OPFM	3.52	3.48	2,010	133.5	148.7	154.3	28.6	26.0	27.0	12.3	13.5	13.0	50.4	67.4	80.8	24.5	23.4	24.7	7.0	6.6	7.0	17.4	16.5	16.0	0	Peter Zuk
Growthpoint Properties	GOZ	30 Jun	OPFM	3.41	3.41	2,633	176.4	168.4	179.0	22.9	21.8	23.2	14.9	15.6	14.7	61.0	77.9	91.3	21.8	20.0	20.7	6.4	5.9	6.1	17.7	18.5	17.5	0	Peter Zuk
Home Consortium	HMC	30 Jun	NTRL	3.85	3.21	990	7.4	27.2	37.4	3.7	10.7	14.5	n.m	36.1	26.5	421.4	179.8	164.5	12.0	14.5	17.9	3.1	3.8	4.7	49.5	29.1	22.7	0	Peter Zuk
SCA Property Group	SCP	30 Jun	NTRL	2.28	2.31	2,455	132.7	144.9	158.2	13.8	13.5	14.7	16.5	16.9	15.5	67.6	84.4	96.3	12.5	12.4	13.9	5.5	5.4	6.1	20.7	18.9	17.8	0	Peter Zuk
Sector Aggregate													**15.8**	**16.2**	**15.3**							**6.2**	**5.9**	**6.3**	**19.9**	**18.9**	**18.0**		
Information Technology																													
Life360 Inc	360	31 Dec	OPFM	4.00	4.70	425	- 17.6	- 17.2	- 7.2	-11.9	-11.5	-4.7	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	n.m	100	Quinn Pierson
Audinate Group	AD8	30 Jun	OPFM	7.08	8.00	539	- 4.6	- 2.6	1.1	-6.9	-3.4	1.3	n.m	n.m	n.m	n.m	n.m	n.m	0.0	0.0	0.0	0.0	0.0	0.0	n.m	n.m	70.1	100	Quinn Pierson
Infomedia	IFM	30 Jun	OPFM	1.56	2.50	585	18.1	21.4	27.4	5.5	5.7	7.1	28.1	27.6	21.9	115.2	137.4	135.8	4.3	4.3	5.4	2.8	2.7	3.4	10.5	9.4	7.8	35	Quinn Pierson
IRESS	IRE	31 Dec	NTRL	9.39	11.00	1,815	73.5	80.2	90.5	40.1	41.6	46.2	23.4	22.6	20.3	95.9	112.4	126.2	41.0	42.0	47.0	4.4	4.5	5.0	15.5	14.2	12.8	40	Quinn Pierson
Sector Aggregate													**52.6**	**47.0**	**33.0**							**2.7**	**2.8**	**3.1**	**24.2**	**21.4**	**16.5**		
Media & Entertainment																													
Domain Holdings Australia	DHG	30 Jun	OPFM	4.10	4.00	2,395	21.6	37.7	60.0	3.7	6.5	10.2	n.m	63.6	40.0	454.4	316.8	248.4	2.0	5.2	8.2	0.5	1.3	2.0	29.7	21.8	17.0	100	Entcho Raykovski
Here There & Everywhere	HT1	31 Dec	OPFM	1.51	1.60	422	13.7	22.5	27.3	4.9	8.0	9.8	31.0	18.8	15.5	126.8	93.7	96.1	0.0	6.4	7.8	0.0	4.3	5.2	9.7	7.0	5.6	100	Entcho Raykovski
News Corporation	NWS	30 Jun	OPFM	18.80	25.00	8,541	129.0	187.1	321.3	21.9	32.0	55.5	61.2	41.9	24.2	250.5	208.9	150.1	16.0	20.0	24.0	1.2	1.5	1.8	8.1	8.1	6.5	0	Entcho Raykovski
oOh!media Limited	OML	31 Dec	OPFM	1.37	1.25	811	- 5.3	16.9	27.9	-1.0	2.8	4.7	n.m	48.1	29.0	n.m	239.7	180.3	0.0	0.0	0.0	0.0	0.0	0.0	19.5	12.5	9.9	0	Matthew Nicholas
Seven West Media	SWM	30 Jun	NTRL	0.17	0.13	254	40.8	48.9	47.9	2.7	3.2	3.1	6.2	5.2	5.3	25.5	25.9	32.9	0.0	0.0	0.0	0.0	0.0	0.0	5.1	4.8	4.8	0	Entcho Raykovski
Sector Aggregate													**57.0**	**38.6**	**24.2**							**1.0**	**1.4**	**1.8**	**8.9**	**9.0**	**7.2**		
Telecommunication Services																													
Vocus Communications	VOC	30 Jun	NTRL	3.60	3.40	2,236	101.1	99.9	113.7	16.0	15.9	18.0	22.4	22.7	20.0	91.8	113.2	123.8	0.0	0.0	9.2	0.0	0.0	2.6	8.9	7.9	7.5	100	Entcho Raykovski
Sector Aggregate													**22.4**	**22.7**	**20.0**							**0.0**	**0.0**	**2.6**	**8.9**	**7.9**	**7.5**		
Utilities																													
Sector Aggregate													**n.m**	**n.m**	**n.m**										**n.m**	**n.m**	**n.m**		
Report Average													**23.3**	**19.2**	**15.7**							**2.7**	**3.1**	**3.6**	**10.1**	**7.9**	**7.4**		

Source: Company data, Refinitiv, Credit Suisse estimates

Sector Aggregates

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RAVE Database 02 8205 4591

As at 28 October 2020	PE (1)			Median PE (1)(3)			PE Rel vs ASX 200(1)			EPS Growth % (1)			Div Yield % (1)			EBIT Multiple (1)			EBITDA Multiple (1)			Sector Weight	
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	Top 200	Top 300
Energy (2)	**17.6**	**16.8**	**11.9**	**22.5**	**16.5**	**13.4**	**0.9**	**1.0**	**0.7**	**-45.1**	**4.5**	**41.5**	**2.5**	**3.4**	**4.6**	**13.5**	**11.8**	**9.2**	**5.7**	**5.5**	**4.8**	**2.86%**	**2.75%**
Materials (2)	**12.2**	**10.2**	**12.5**	**17.2**	**15.2**	**14.1**	**0.6**	**0.6**	**0.7**	**7**	**20**	**-18**	**5.2**	**5.3**	**4.1**	**7.6**	**6.3**	**7.6**	**5.6**	**4.8**	**5.5**	**24.15%**	**23.22%**
Chemicals (2)	24.6	16.8	13.3	16.3	17.3	15.2	1.2	1.0	0.8	-28	46	27	2.1	3.5	4.2	14.6	11.2	9.3	7.9	6.5	5.7	0.57%	0.54%
Construction Materials (2)	25.6	22.7	21.3	20.9	20.5	19.7	1.3	1.3	1.3	-19	13	7	1.2	0.5	2.5	21.1	17.4	16.6	13.5	11.7	11.2	1.22%	1.17%
Containers & Packaging (2)	16.9	15.3	14.0	19.1	16.6	15.1	0.8	0.9	0.8	0	11	9	5.6	4.7	5.2	17.1	15.3	14.3	11.5	10.8	10.3	0.92%	0.88%
Metals & Mining (2)	11.6	9.6	12.1	16.8	14.3	11.7	0.6	0.6	0.7	9	20	-21	5.5	5.7	4.1	7.1	5.8	7.1	5.2	4.5	5.2	21.08%	20.27%
Paper & Forest Products (2)	24.6	16.8	13.3	16.3	17.3	15.2	1.2	1.0	0.8	-28	46	27	2.1	3.5	4.2	14.6	11.2	9.3	7.9	6.5	5.7	0.57%	0.54%
Industrials (2)	**>100**	**50.9**	**25.0**	**16.4**	**15.7**	**17.2**	**14.1**	**3.0**	**1.5**	**-92**	**464**	**104**	**2.5**	**2.8**	**3.5**	**24.8**	**24.0**	**16.8**	**11.9**	**12.0**	**9.7**	**6.19%**	**5.95%**
Capital Goods (2)	13.3	12.8	12.1	16.4	15.7	14.0	0.7	0.8	0.7	-7	3	6	2.7	4.1	4.2	9.9	8.8	8.0	6.4	5.8	5.3	0.90%	0.87%
Commercial Services & Supplies (2)	21.9	21.1	17.4	23.0	23.0	19.2	1.1	1.2	1.0	-6	4	21	2.5	2.8	3.3	15.7	15.3	13.4	8.3	8.2	7.6	1.43%	1.37%
Transportation (2)	-34.5	-232.5	42.4	-29.2	2.9	23.7	-1.7	-13.6	2.5	-193	85	648	2.5	2.5	3.4	57.0	62.0	26.1	18.5	20.5	13.7	3.85%	3.71%
Consumer Discretionary (2)	**32.3**	**26.8**	**22.5**	**26.0**	**23.1**	**21.8**	**1.6**	**1.6**	**1.3**	**-33**	**21**	**19**	**2.5**	**2.9**	**3.3**	**24.9**	**20.6**	**17.4**	**14.5**	**13.2**	**11.6**	**6.41%**	**6.16%**
Automobiles & Components (2)	34.0	28.3	27.1	33.2	27.5	26.3	1.7	1.7	1.6	-9	20	5	1.7	2.1	2.2	24.3	20.1	19.0	20.7	17.5	16.7	0.18%	0.17%
Consumer Durables & Apparel (2)	41.4	40.4	37.3	41.4	40.4	37.3	2.0	2.4	2.2	22	3	8	1.6	1.8	1.9	28.5	28.8	26.4	23.6	23.6	21.6	0.18%	0.17%
Hotels Restaurants & Leisure (2)	80.1	43.1	22.3	36.1	23.2	23.0	3.9	2.5	1.3	-78	86	94	1.3	1.5	3.0	59.0	31.7	17.2	20.4	16.4	11.1	2.31%	2.22%
Media (2)	56.3	49.7	34.7	59.2	47.3	36.8	2.8	2.9	2.1	-33	13	43	1.2	1.3	1.8	29.1	27.3	19.4	15.7	15.5	12.4	2.30%	2.21%
Retailing (2)	23.4	21.4	22.1	21.4	17.9	20.6	1.2	1.2	1.3	1	9	-3	3.2	3.9	3.6	18.2	16.8	17.1	12.0	11.4	11.5	3.74%	3.60%
Consumer Staples (2)	**26.9**	**21.8**	**21.4**	**25.2**	**19.8**	**17.4**	**1.3**	**1.3**	**1.3**	**-8**	**23**	**2**	**2.7**	**3.4**	**3.5**	**18.9**	**15.9**	**15.5**	**11.0**	**9.8**	**9.6**	**4.75%**	**4.56%**
Food & Drug Retailing (2)	27.8	22.0	22.5	28.0	16.8	17.7	1.4	1.3	1.3	-2	26	-2	2.7	3.4	3.3	19.5	16.1	16.4	10.9	9.7	9.7	3.71%	3.57%
Food Beverage & Tobacco (2)	23.1	20.5	17.6	22.5	19.8	16.6	1.1	1.2	1.0	-20	13	16	2.7	3.4	4.0	16.4	14.7	12.8	10.8	10.0	8.9	0.97%	0.93%
Health Care (2)	**41.6**	**38.0**	**34.8**	**40.7**	**32.1**	**24.5**	**2.0**	**2.2**	**2.1**	**6**	**10**	**9**	**1.1**	**1.2**	**1.3**	**33.7**	**29.4**	**27.0**	**25.4**	**22.6**	**21.2**	**11.30%**	**10.86%**
Financials (2)	**18.4**	**15.9**	**13.9**	**17.1**	**15.1**	**14.1**	**0.9**	**0.9**	**0.8**	**-35**	**16**	**15**	**3.3**	**3.4**	**5.0**	**2.9**	**-0.2**	**-2.7**	**1.9**	**-0.1**	**-2.0**	**20.13%**	**19.35%**
Banks (2)	18.5	14.7	12.8	17.1	13.7	11.6	0.9	0.9	0.8	-40	26	15	3.2	3.5	5.3	2.3	-0.1	-1.9	1.5	-0.1	-1.4	14.96%	14.38%
Diversified Financials (2)	17.9	20.9	18.2	14.0	13.9	13.5	0.9	1.2	1.1	-8	-14	15	3.7	3.1	4.0	15.2	16.7	14.2	14.1	15.4	13.2	4.50%	4.33%
Insurance (2)	20.7	19.7	18.3	21.1	20.4	19.3	1.0	1.1	1.1	-15	5	7	3.7	3.7	4.0	13.9	13.0	12.0	11.8	11.1	10.3	0.66%	0.64%
Real Estate (2)	21.0	17.7	16.6	15.7	15.6	14.7	1.0	1.0	1.0	-26	19	7	3.9	4.1	4.3	23.0	18.6	17.4	22.0	18.1	17.0	5.39%	5.18%
Information Technology (2)	**58.7**	**57.7**	**46.1**	**23.4**	**42.4**	**34.3**	**2.9**	**3.4**	**2.7**	**-14**	**2**	**25**	**0.9**	**0.8**	**0.9**	**45.1**	**43.5**	**34.6**	**30.4**	**28.7**	**23.9**	**2.27%**	**2.18%**
Telecommunication Services (2)	**22.0**	**21.1**	**18.6**	**22.4**	**22.7**	**19.8**	**1.1**	**1.2**	**1.1**	**-16**	**4**	**13**	**4.2**	**4.7**	**5.2**	**16.3**	**17.1**	**15.8**	**6.5**	**6.7**	**6.6**	**2.29%**	**2.21%**
Utilities (2)	**21.5**	**25.0**	**28.1**	**32.7**	**34.1**	**29.4**	**1.1**	**1.5**	**1.7**	**-9**	**-14**	**-11**	**5.7**	**5.5**	**4.9**	**15.1**	**16.6**	**18.4**	**9.8**	**10.2**	**10.6**	**1.53%**	**1.47%**
20 Leaders	17.1	14.7	15.8	21.3	18.1	17.5	0.8	0.9	0.94	-11	17	-7	3.8	4.1	4.0	5.3	-0.4	-13.4	3.6	-0.3	-9.8	na	na
50 Leaders	18.7	15.8	16.2	18.2	17.4	15.9	0.9	0.9	1.0	-19	19	-3	3.7	3.9	4.0	6.2	-0.5	-21.5	4.2	-0.4	-16.3	na	na
ASX 100	**20.3**	**17.0**	**17.0**	**20.7**	**18.1**	**17.5**	**1.0**	**1.0**	**1.0**	**-19**	**19**	**0**	**3.4**	**3.6**	**3.8**	**7.2**	**-0.7**	**-37.3**	**4.8**	**-0.5**	**-29.5**	**na**	**na**
MidCap 50	32.5	26.9	21.5	24.4	21.0	19.7	1.6	1.6	1.3	-23	21	25	2.1	2.0	2.7	23.9	19.7	15.8	14.7	12.9	10.9	na	na
S&P/ASX 200 - Industrials	27.1	22.8	19.7	20.6	19.6	18.7	1.3	1.3	1.2	-31	19	16	2.7	2.9	3.6	7.4	-0.5	-13.3	4.8	-0.4	-9.9	na	na
S&P/ASX 200 - Resources	12.1	10.1	12.1	17.7	14.5	13.0	0.6	0.6	0.7	1	19	-16	5.2	5.4	4.1	7.5	6.2	7.3	5.2	4.6	5.1	na	na
S&P/ASX 200 - Ind excl BIP	35.6	30.1	25.2	24.4	20.9	20.3	1.7	1.8	1.5	-26.0	18.2	19.6	2.3	2.5	2.9	23.9	21.8	18.9	14.2	13.4	12.2	na	na
S&P/ASX 200	**20.3**	**17.1**	**16.8**	**20.3**	**18.1**	**17.5**	**1.0**	**1.0**	**1.0**	**-19**	**19**	**2**	**3.3**	**3.6**	**3.7**	**7.4**	**-0.7**	**-54.4**	**4.9**	**-0.5**	**-46.2**	**na**	**na**
S&P/ASX 300 - Industrials	27.2	22.9	19.7	18.3	19.4	18.5	1.3	1.3	1.2	-31	19	16	2.7	2.9	3.6	7.5	-0.5	-13.6	4.9	-0.4	-10.1	na	na
S&P/ASX 300 - Resources	12.2	10.2	12.2	16.2	14.3	11.7	0.6	0.6	0.7	0	19	-16	5.1	5.4	4.1	7.5	6.3	7.4	5.3	4.6	5.1	na	na
S&P/ASX 300 - Ind excl BIP	35.6	30.1	25.1	23.6	20.3	19.8	1.8	1.8	1.5	-26.3	18.4	19.9	2.3	2.5	2.9	24.0	21.8	18.9	14.2	13.4	12.2	na	na
S&P/ASX 300	**20.4**	**17.2**	**16.9**	**18.0**	**17.8**	**16.7**	**1.0**	**1.0**	**1.0**	**-20**	**19**	**2**	**3.3**	**3.5**	**3.7**	**7.5**	**-0.7**	**-56.6**	**5.0**	**-0.5**	**-48.6**	**na**	**na**
Small Companies (4)	23.0	19.9	16.2	16.4	16.6	16.4	1.1	1.2	1.0	- 27	16	22	2.6	3.1	3.4	16.7	14.2	11.0	9.8	8.7	7.2	na	na
Small Industrials	21.8	19.4	17.3	17.2	16.3	17.0	1.1	1.1	1.0	-19	12	12	2.8	3.3	3.6	16.7	14.6	12.8	10.5	9.6	8.6	na	na
Small Resources	33.7	23.0	12.0	11.2	16.6	11.4	1.7	1.3	0.7	-64	46	91	1.7	1.6	2.2	17.1	12.2	6.1	7.0	5.7	3.8	na	na

(1) Includes all companies covered by Credit Suisse analysts

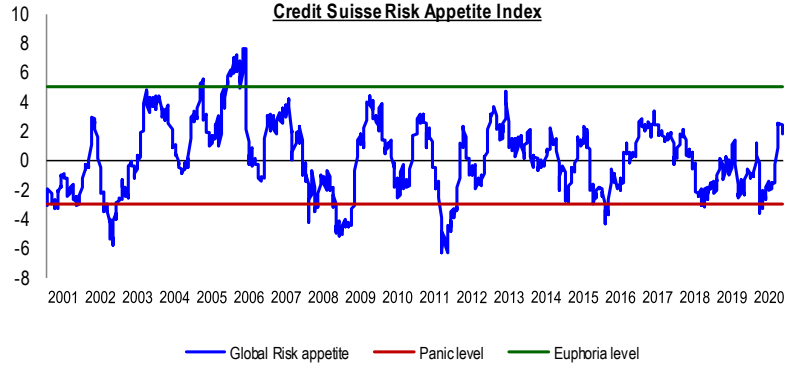
(2) All sectors are based on S&P/ASX200.Companies on restricted list are not included in aggregates

(3) No weighting applicable

(4) Emerging companies are all companies covered by Credit Suisse excluding top 100 stocks.

Source: Company data, Refinitiv, Credit Suisse estimates

Commodities		Current	2020Q4	2021Q1	2021Q2	2021Q3
Aluminium	*$/lb*	0.81	0.77	0.77	0.77	0.77
Copper	*$/lb*	3.03	2.80	2.80	2.80	2.80
Lead	*$/lb*	0.79	0.84	0.85	0.85	0.85
Nickel	*$/lb*	7.09	6.10	6.20	6.20	6.20
Zinc	*$/lb*	1.13	1.00	1.00	1.00	1.00
Iron Ore Fines (CFR)	*$/t*	79.70	85.00	85.00	85.00	80.00
Hard Coking Coal	$/t		115.00	140.00	140.00	120.00
LV PCI	$/t		80.00	96.00	96.00	84.00
Thermal Coal	*$/t*	61.80	53.00	55.00	55.00	55.00
Oil (brent)	*$/bbl*	41.20	43.00	50.00	50.00	50.00
Oil (WTI)	*$/bbl*	38.56	41.00	45.00	45.00	45.00
US Natural Gas	$/mmbtu	3.02	2.50	2.75	2.75	2.75
Uranium	$/lb		40.00	40.80	40.80	40.80
Gold	*$/oz*	1,907	2,100	2,400	2,600	2,500
Silver	*$/oz*	24.6	18.0	18.0	18.0	18.0



Source: Refinitiv, Credit Suisse estimates

Companies Mentioned *(Price as of 28-Oct-2020)*
American Tower (AMT.N, $236.16)
AT&T (T.N, $26.92)
Bouygues (BOUY.PA, €28.18)
Cellnex Telecom (CLNX.MC, €53.6)
CenturyLink (LUMN.N, $8.96)
China Tower Corporation Limited (0788.HK, HK$1.25)
Chorus (CNU.NZ, NZ$8.5)^
Cogent Communications Holdings Inc. (CCOI.OQ, $56.03)
Crown Castle (CCI.N, $160.61)
Deutsche Telekom (DTEGn.F, €13.04)
GTT Commns (GTT.N, $4.51)
INWIT (INWT.MI, €9.32)
Janus Henderson Group (JHG.N, $25.88)
NZ Refining (NZR.NZ, NZ$0.56) ^
Orange (ORAN.PA, €9.17)
SBA Commns (SBAC.OQ, $301.83)
Swisscom (SCMN.S, SFr467.3)
Telecom Italia (TLIT.MI, €0.31)
Telefonica (TEF.MC, €3.0)
T-Mobile US (TMUS.OQ, $112.82)
Uniti Group (UNIT.OQ, $9.78)
Verizon Communications (VZ.N, $57.38)
Vodafone Group (VOD.L, 106.02p)
Z Energy (ZEL.NZ, NZ$2.91, OUTPERFORM, TP NZ$3.81) ^

^ *Jarden Coverage*
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