

Axesstoday (AXL)

Rating: Buy | Risk: High | Price Target: \$3.04

Communication hiccup but not broken

Key Information

Current Price (\$ps)	2.01
12m Target Price (\$ps)	3.04
52 Week Range (\$ps)	1.48 - 2.55
Target Price Upside (%)	51.2%
TSR (%)	54.3%
Reporting Currency	AUD
Sector	Financials
Avg Daily Volume (m)	0.2
ASX 200 Weight (%)	0%

Fundamentals

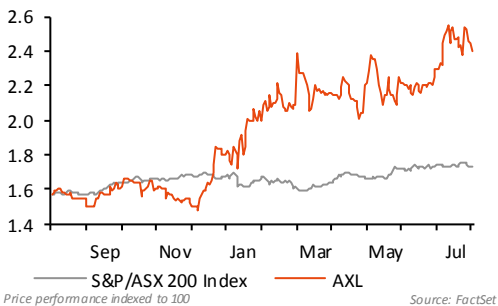
YE 30 Jun (AUD)	FY18A	FY19E	FY20E	FY21E
Sales (\$m)	50.8	92.4	130.0	141.9
NPAT (\$m)	7.0	12.6	22.4	31.2
EPS (cps)	12.9	18.3	29.5	40.0
EPS Growth (%)	21.4%	41.6%	61.4%	35.8%
DPS (cps) (AUD)	5.8	6.3	14.4	20.0
Franking (%)	100%	100%	100%	100%

Ratios

YE 30 Jun	FY18A	FY19E	FY20E	FY21E
P/E (x)	17.1	11.0	6.8	5.0
EV/EBITDA (x)	6.0	4.1	3.1	2.6
Div Yield (%)	2.6%	3.1%	7.1%	10.0%
Payout Ratio (%)	45.0%	34.5%	48.7%	50.0%

Price Performance

YE 30 Jun	1 Mth	2 Mth	3 Mth	1 Yr
Relative (%)	(11.8%)	(10.3%)	(12.2%)	18.4%
Absolute (%)	(12.6%)	(9.5%)	(8.6%)	27.2%
Benchmark (%)	(0.8%)	0.8%	3.6%	8.8%



Major Shareholders

MEYDAN YANIV	21.5%
FERIZIS PETER	7.3%
SACK MICHAEL /AXESSTODAY/	7.3%
KRONGOLD ASHLEY	6.5%
KRAMER MEIR	6.0%

Jonathon Higgins | Analyst

+61 3 9268 1182

jhiggins@shawandpartners.com.au

Event

AXL reported its results for FY18 post pre-releasing guidance that met expectations. The market sold the stock off on the back of a change in categorization of arrears.

Highlights

- Result** – Revenues and profit all came in within company guidance for the FY18 year, which was upgraded twice during FY18. Initial guidance for FY19 NPAT of \$12.5-\$13m (80%+ growth) was re-affirmed alongside new accounting standards, increased provisioning and a conservative set of drivers into the guidance around funding, operating leverage, origination volumes and product expansion. AXL grew receivables by 100% in FY18, has over 7,500 end customers and grew merchants and introducers by 180% boding well for future volumes. Management has flagged that current origination volumes would result in \$25-\$30m in PBT alone when at scale (versus \$5.2m in FY18).
- Book metrics and arrears** – Financing companies run on two confidence metrics and these include quality of credit (BDD) and financing. What upset the market was the large increase in arrears, wherein total arrears owing at FY18 was \$12.9m versus \$1.8m in FY17. 30 and 60+ day arrears were somewhat in line with the growth in the book but 90+ days arrears increased materially to \$8.4m (versus \$0.6m in FY17). This wasn't explained particularly well by the company and was alongside the BDD net provisioning rates on new originations rising (3-3.5% from 2.5%). FY18 didn't have an apples for apples approach to arrears. Management has indicated that arrears changes are as a result of adopting securitisation 180 day standards and BDD provision changes.
- Arrears** – Pulling apart accounting changes and policies, the material increase in arrears on the BS has resulted in the company altering its arrears policy so as to now have leases that are past due written off at 180 days versus a prior approach at writing off a majority of past due leases in a conservative manner at 60 days and then writing forwards once recoveries have occurred. Arrears policy has also changed so that the full value of the receivable is set aside (versus the previous ex-recovery net loss amount) - When through personal guarantees and sale of the asset this re-coups ~70% of the total FV outstanding. Applying this example to the level of FY18 arrears results in ~\$9m (70% of total) as recoverable and ~\$3.9m in impaired assets from these receivables as being written off across a more seasoned book. This level of write offs is equivalent to the built up provision in the FY18 accounts. Shaw estimates that on an apples to apples comparison of FY17 arrears using an homogenous assumption to the net historical levels, that FY17 arrears would have been equivalent to \$4.8-\$5m (versus old policy of \$1.75m) and be ~40% of FY18 arrears. Keep in mind that recoverable amounts are typically higher in transportation (skewing towards) and that receivables grew 100%.
- Operating segments slightly messy** – Currently AXL allocates costs, BDD, finance costs and profitability in each operating segment via the number of accounts or number of customers. The difficulty is that finance, fixed and variable costs are not operationally allocate able to this type of bucketing, as hospitality, other sectors and other products have receivables that are 75% less than transport. This manifested itself wherein hospitality's PBT fell on higher receivables and average book value, or other products contributed the second highest PBT when only accounting for 5% of the total book. We instead drive and model out each operating division to have costs and BDD's accounted for by net receivables (a truer picture apart from a corporate cost bucket).
- Earnings changes** – We have made minor reductions of 1.3% and 3.9% to EPS estimates in FY's 19-20. The primary driver is lower yields, margins and divisional growth rates.

Recommendation

AXL has a substantial proposition that is gaining momentum and continue growing whole of wallet SME financing across both a recurring earnings envelope with structural tailwinds driving growth. Although disappointing to see the stock off, we expect management to clear up the changes and an FY19 PER of 11x and a PEG of only 0.3x is attractive.

Axesstoday

Financials

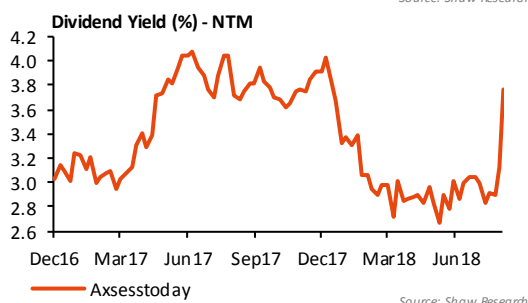
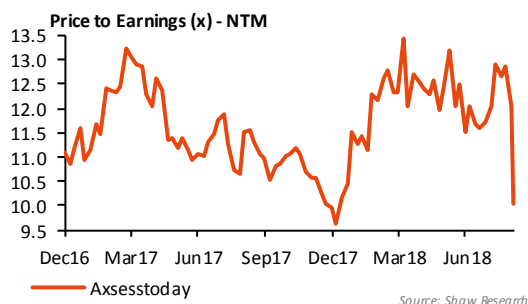
Diversified Financials

FactSet: AXL-AU / Bloomberg: AXL AU

Key Items	Data
Recommendation	BUY
Risk	HIGH
Price (\$ps)	2.01
Target Price (\$ps)	3.04
52 Week Range (\$ps)	1.48 - 2.55
Enterprise Value (\$m)	184.3
TSR (%)	54.3%

Company Description

Axesstoday Ltd. provides finance services to small to medium sized enterprises (SMEs) for equipment. It operates through the following segments: Hospitality, Transport, and Other Equipment. The Hospitality segment includes coffee machines, display units, cooking, refrigeration and dishwashing equipment. The Transport segment includes used prime movers, new and used trailers, tippers, forklifts, and light commercial equipment. The Other Equipment segment consists of commercial solar, fitness, technology equipment, and other small ticket equipment. The company was founded in December 2012 and is headquartered in Melbourne, Australia.



Financial Year End: 30 June

Investment Summary (AUD)	FY17A	FY18A	FY19E	FY20E	FY21E
EPS (Reported) (cps)	10.5	11.9	18.3	29.5	40.0
EPS (Underlying) (cps)	10.6	12.9	18.3	29.5	40.0
EPS (Underlying) Growth (%)	76.1%	21.4%	41.6%	61.4%	35.8%
PE (Underlying) (x)	13.4	17.1	11.0	6.8	5.0
EV / EBIT (x)	6.4	6.1	4.2	3.2	2.6
EV / EBITDA (x)	6.3	6.0	4.1	3.1	2.6
DPS (cps) (AUD)	2.2	5.8	6.3	14.4	20.0
Dividend Yield (%)	1.5%	2.6%	3.1%	7.1%	10.0%
Franking (%)	100%	100%	100%	100%	100%
Payout Ratio (%)	20.7%	45.0%	34.5%	48.7%	50.0%
Profit and Loss (AUD) (m)	FY17A	FY18A	FY19E	FY20E	FY21E
Sales	22.2	50.8	92.4	130.0	141.9
Sales Growth (%)	155.4%	128.7%	82.1%	40.6%	9.2%
EBITDA	11.6	26.3	45.5	66.5	82.3
EBITDA Margin (%)	52.3%	51.9%	49.2%	51.1%	58.0%
Depreciation & Amortisation	(0.1)	(0.3)	(1.2)	(1.6)	(0.9)
EBIT	11.5	26.0	44.3	64.9	81.4
EBIT Margin (%)	51.8%	51.2%	47.9%	49.9%	57.4%
Net Interest	(6.3)	(15.8)	(26.3)	(32.9)	(35.8)
Pretax Profit	5.2	10.2	18.0	32.1	45.6
Tax	(1.5)	(3.1)	(5.4)	(9.6)	(13.4)
Tax Rate (%)	(29.4%)	(30.8%)	(30.0%)	(30.0%)	(29.4%)
NPAT Underlying	3.6	7.0	12.6	22.4	31.2
Significant Items	0.0	0.0	0.0	0.0	0.0
NPAT Reported	3.6	7.0	12.6	22.4	31.2
Cashflow (AUD) (m)	FY17A	FY18A	FY19E	FY20E	FY21E
EBIT	11.5	26.0	44.3	64.9	81.4
Tax Paid	(0.2)	(1.1)	(5.4)	(9.6)	(13.4)
Net Interest	(4.5)	(10.8)	(26.3)	(32.9)	(35.8)
Change in Working Capital	(115.7)	(165.2)	(201.3)	(102.3)	(20.0)
Depreciation & Amortisation	0.1	0.3	1.2	1.6	0.9
Other	(1.8)	0.0	0.0	0.0	0.0
Operating Cashflow	(110.6)	(150.8)	(187.5)	(78.3)	13.0
Capex	(1.0)	(2.7)	(2.4)	(2.2)	(2.2)
Acquisitions and Investments	0.0	0.0	0.0	0.0	0.0
Disposal of Fixed Assets/Investments	0.0	0.0	0.0	0.0	0.0
Other	0.0	2.8	3.5	0.0	0.0
Investing Cashflow	(1.0)	0.1	1.1	(2.2)	(2.2)
Equity Raised / Bought Back	23.9	31.9	0.0	0.0	0.0
Dividends Paid	0.0	(2.6)	(4.4)	(11.2)	(15.6)
Change in Debt	89.5	136.6	184.6	90.0	30.0
Financing Cashflow	113.4	165.9	180.2	78.8	14.4
Net Change in Cash	1.8	15.2	(6.2)	(1.7)	25.2
Balance Sheet (AUD) (m)	FY17A	FY18A	FY19E	FY20E	FY21E
Cash	2.4	11.6	5.5	3.7	28.9
Accounts Receivable	46.2	110.1	0.0	0.0	0.0
Other Current Assets	6.0	7.7	22.5	30.3	30.8
PPE	0.7	0.9	0.9	1.7	2.2
Goodwill & Intangibles	0.8	3.0	3.9	3.8	3.7
Other Non Current Assets	121.2	226.3	533.7	636.9	657.0
Total Assets	177.3	359.6	566.5	676.4	722.6
Accounts Payable	3.3	3.5	13.3	17.0	14.6
Short Term Debt	0.0	47.0	0.0	0.0	0.0
Long Term Debt	137.6	233.4	465.0	555.0	585.0
Income Taxes Payable	1.6	3.8	6.0	9.8	12.7
Other	2.3	4.3	7.5	11.8	14.4
Total Liabilities	144.8	291.9	491.9	593.6	626.6
Ratios	FY17A	FY18A	FY19E	FY20E	FY21E
ROE (%)	18.7%	13.6%	17.0%	26.8%	32.2%
Gearing (%)	80.2%	79.4%	85.5%	86.1%	84.1%
Net Debt / EBITDA (x)	11.7	10.2	10.1	8.3	6.8
Price to Book (x)	2.0	2.1	1.8	1.8	1.5

Key earnings and changes

Our target price reduced by 1.3% to \$3.04 (previously \$3.08). Within our changes to estimates we have altered yields (lower), divisional growth (more bias towards transportation) and operating margins. We currently still err on the side of conservatism with the cost of debt below what we expect fully securitised levels to be at 6% when at scale.

Figure 1: Summary of earnings changes

Key item	FY18e			FY19e			FY20e		
	Previous	Current	Difference	Previous	Current	Difference	Previous	Current	Difference
Revenue (\$m)	51.0	50.8	-0.5%	86.7	92.4	6.6%	123.8	130.0	5.0%
Operating EBITDA (\$m)	26.3	26.3	0.1%	45.9	45.5	-0.8%	67.4	66.5	-1.3%
Operating NPAT (\$m)	7.3	7.0	-3.6%	12.8	12.6	-1.3%	23.3	22.4	-3.8%
Underlying EPS (cps)	13.3	12.9	-3.3%	18.5	18.3	-1.3%	30.7	29.5	-3.9%
Statutory EPS (cps)	12.8	11.9	-7.7%	18.5	18.3	-1.3%	30.7	29.5	-3.9%
Dividends (dps)	5.8	5.8	0.8%	7.3	6.3	-13.6%	14.9	14.4	-3.8%

Source: Company announcements & Shaw and Partners Estimates

Investment thesis

Our investment thesis and positive recommendation is underwritten by the following summarized drivers:

- Structural industry tailwinds driving shift to non-bank finance enterprises:** We observe a shift to independent and alternative financiers within the Australian and more broadly overseas marketplaces. Banks are returning to traditional banking routes and acting in a manner that is straddling the wholesale and corporate markets rather than forward facing customer origination. We see AXL as being a beneficiary (amongst others) of these industry tailwinds and see this structural shift continuing.
- Best in breed technology and ease of use:** We see AXL's technology, credit processes, integration and scalability of its systems as being best of breed within the Australian market. AXL has invested significant time and resources in its technology and we see this as a competitive advantage to drive above system growth/market share gains on slower incumbents.
- Stronger earnings growth than the market at an attractive valuation, with recurring income:** We forecast strong organic earnings growth across AXL underpinned by origination volumes, origination volumes and seasoning of book averages across coming years. In general we see AXL as being valued at or below comparable peers, with visibility on above market earnings growth over the short to medium term.
- Capital structure, dry powder possibilities and accretion:** Although having a relatively complex and broad capital structure currently, we see securitization, decreasing costs of funds and other possible accretive opportunities as representing possible upside to our numbers and market expectations. Closure of securitization in partnership with a major bank in our opinion has externally validated the credit quality of AXL and is likely a near term comfort to investors around credit quality.
- Operating leverage emerging beyond our (what we believe to be conservative estimates):** AXL currently enjoys a level of profitability at an early stage of the company's existence, this profitability is forecast to expand and there may be upside to our estimates. Our analysis indicates that AXL has the potential to achieve a multiple of the profitability of other incumbents in the market and this may result in upside to our estimates. In general we expect operating leverage to emerge across the near to medium term for the business.
- Possible market re-rating events:** Currently we make use of both a DCF and target earnings rating model to value AXL however, the strong growth trajectory of the business could result in a market re-rating to something along the lines of a PEG model or even a revenue multiple justified by fin-tech peers or perceived future profitability. We see it as conceivable that AXL may encounter a positive re-rating event.

Our investment thesis should be read in conjunction with our risks and valuation.

Key drivers, KPI's and estimates

Figure 2: Segment key assumptions and drivers

Segmental	2017a	2018a	2019f	2020f	2021f
Hospitality					
Net receivables (\$m)	65.3	97.4	147.4	177.4	187.4
Average net receivables (\$m)	48.3	81.4	122.4	162.4	182.4
Revenue (\$m)	11.9	17.5	25.7	33.3	43.8
EBITDA estimate (excl. BDD) (\$m)	6.7	10.4	14.6	18.6	27.8
PBT (\$m)	2.7	2.9	2.6	3.4	10.7
Revenue margin (% of average net receivables)	24.6%	21.5%	21.0%	20.5%	24.0%
PBT margin (% of revenue)	23.0%	16.9%	10.0%	10.1%	24.5%
EBITDA margin (% of revenue & excluding BDD)	56.6%	59.5%	56.9%	56.0%	63.5%
Transport					
Net receivables (\$m)	68.7	191.5	308.5	363.5	373.5
Average net receivables (\$m)	41.9	130.1	250.0	336.0	368.5
Revenue (\$m)	6.8	19.9	44.1	66.1	74.8
EBITDA estimate (excl. BDD) (\$m)	5.8	18.2	35.2	53.8	61.7
PBT (\$m)	2.5	5.8	12.2	24.7	30.2
Revenue margin (% of average net receivables)	16.3%	15.3%	17.7%	19.7%	20.3%
PBT margin (% of revenue)	36.9%	29.0%	27.6%	37.4%	40.3%
EBITDA margin (% of revenue & excluding BDD)	85.3%	91.4%	79.8%	81.4%	82.5%
Other					
Net receivables (\$m)	21.6	47.0	87.0	111.0	115.0
Average net receivables (\$m)	13.9	34.3	67.0	99.0	113.0
Revenue (\$m)	2.9	11.8	22.6	30.6	23.3
EBITDA estimate (excl. BDD) (\$m)	1.3	5.0	8.8	11.6	12.2
PBT (\$m)	0.1	1.4	2.3	2.8	2.5
Revenue margin (% of average net receivables)	20.9%	34.4%	33.8%	30.9%	20.7%
PBT margin (% of revenue)	2.0%	11.9%	10.3%	9.2%	10.7%
EBITDA margin (% of revenue & excluding BDD)	45.6%	42.7%	38.8%	38.0%	52.2%
<p><i>Note that inferred EBITDA is our estimate excluding BDD and estimated by Shaw's based upon a number of factors including number of accounts and revenue. Company reports PBT & estimates including BDD and allocates % based upon number of accounts. Our numbers will differ as we are now estimating based on net receivables in each division as allocates fixed costs more broadly</i></p>					

Source: Shaw and Partners Analysis and Estimates * Note that segmental divisional reporting changed in FY18 from two 'other' divisions to a one consolidated division.

Figure 3: Consolidated & portfolio key assumptions

Segmental	2017a	2018a	2019f	2020f	2021f
Overall book					
Net receivables (\$m)	167.5	332.0	533.7	636.9	657.0
Change in net receivables (\$m)	114.9	164.5	201.8	103.1	20.1
Starting provisions (\$m)	0.8	1.9	3.9	9.1	15.0
Additional provisions expensed (\$m)	2.5	7.3	13.1	17.6	19.4
Receivables written off (\$m)	(1.4)	(5.3)	(7.9)	(11.7)	(15.5)
Ending BDD provisions (\$m)	1.9	3.9	9.1	15.0	18.9
Write offs (% of average net receivables)	-1.3%	-2.1%	-1.8%	-2.0%	-2.4%
Provisions (% of added net receivables)	2.2%	4.4%	6.5%	17.1%	96.5%
Portfolio consolidation					
Portfolio income (\$m)	21.3	49.2	90.3	127.3	139.1
Net finance expenses (\$m)	(6.3)	(15.8)	(26.3)	(32.9)	(35.8)
Net portfolio income (\$m)	15.0	33.4	64.0	94.4	103.2
Other income (\$m)	0.9	1.5	2.1	2.7	2.9
Net operating income (\$m)	15.9	34.9	66.2	97.1	106.1
Consolidated P&L					
Revenue (\$m)	22.2	50.8	92.4	130.0	141.9
Operating EBITDA (\$m)	11.6	26.3	45.5	66.5	82.3
Operating NPAT (\$m)	3.6	7.0	12.6	22.4	31.2
Operating EBITDA margin (% of revenue)	52.3%	51.9%	49.2%	51.1%	58.0%
Operating NPAT Margin (% of revenue)	16.4%	13.9%	13.6%	17.3%	22.0%

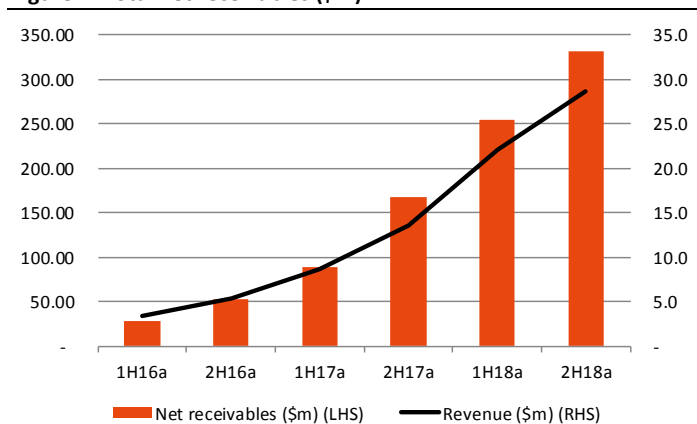
Source: Shaw and Partners Analysis and Estimates

Products & description

Axesstoday Limited (AXL) provides lease finance products within the equipment financing space with products primarily targeting small and medium enterprises (SME's). The financing products that the company originates and provides are for leases and chattel mortgages. AXL finances its leasing activities through a combination of primarily debt and equity, whilst targeting the market segments of hospitality, transport and to a lesser extent other sectors. AXL was founded in 2014 and listed on the ASX in December 2016.

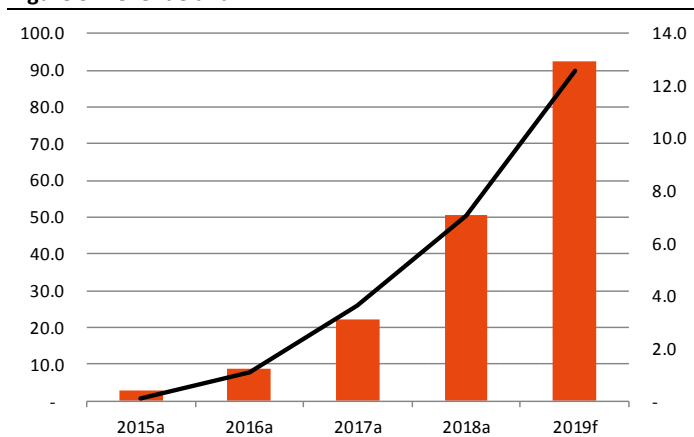
Products across the group are distributed through both point of sale (POS) and external brokers across the brands of Axesstoday and white labelling arrangements with equipment merchants. AXL operates nationally and distinguishes itself by having a homogenous equipment financing solution that is easy to understand from both a consumer and merchant point of view, whilst being delivered across a state of the art end to end real time credit approval and product delivery platform. AXL primarily focusses on SME's of good credit quality across high volume merchant and broker networks.

Figure 4: Total net receivables (\$m)



Source: Company Data FY18

Figure 5: Revenue and NPAT



Source: Company Data FY18

Key risks

Downside risks to our investment thesis include although are not limited to the following:

Reputational risk: As a provider of leasing products to consumers, AXL may experience adverse publicity that could affect regulations as well as customer acquisition. Adverse publicity could affect AXL's market positioning and its ability to conduct business sustainably.

Managing growth: AXL is currently growing strongly across all divisions. In any fast growing company, cultural, financial and operational risks abound and this may adversely affect shareholder returns. Further we note that AXL has only recently begun to make material profits and these profits are currently growing strongly and subject to operating leverage, as a result there is a level of uncertainty around our estimates for both short and long term profitability.

Debt and funding: AXL has a variety of instruments that it makes use of in order to fund the provision of receivables within its business, these currently include a majority of debt and equity. AXL currently makes use of debt in the form of fixed income bonds as well as corporate debt provided by a syndicate of banks and securitised funding facilities. Through providing senior debt, these creditors have a range of obligations that AXL is required to abide by at all times during the financial year and failure to do so by the company may as a result of first ranking security over the company require its assets called.

Key management and board risk: Both board and management of AXL have significant equity in the company and so remain invested in the operational and public performance of the company. Founders of AXL remain involved in an executive position within the company and in our opinion remain crucial in driving the short term performance of the business. Failure to engage with and retain key management may affect the performance of the company.

Competition: AXL competes with a variety of competitors, which notably include Silver Chef (ASX:SIV) and major banks. Competition may affect customer acquisition costs, profitability and loan volumes experienced by AXL as well as access to further funding.

Liquidity: As a company that is capitalised at a relatively small market capitalisation, AXL may experience adverse share price movements based upon volumes and price sensitive announcements.

Accounting and revenue recognition policies: Arriving for first full financial years post January 2018 is a number of accounting policy changes that revolve around the recognition of deferred revenues and provisioning for receivables under AASB 9. At this stage AXL has not adopted the standards and has advised within its reporting that it is unsure of the effect of these standards (standard business response). The changes may affect the P&L of AXL on a statutory basis in FY19 and are required to be shown on a side by side manner in a pro-forma sense in FY18.

Bad and doubtful debts: As a provider of finance AXL provisions and experiences bad debts across its book. Adverse movements in the experience and quantum of bad debts and arrears may adversely affect the profitability of AXL as well as access to various forms of financing. Further, we note that AXL has only been in operation for a short amount of time and so seasoning of its loan book, building of impairment provisions in its loan book and experience of a bad credit cycle have not been experienced.

Refurbishment and intrinsic depreciation across lease assets and residual value: Depending on the type, size and timing of lease receivables written AXL has varying ways of accounting for the lease residual. Accompanying how quickly the lease residual is paid is that equipment immediately starts to depreciate. Although AXL only operates in segments and equipment that has liquid secondary markets, the company may have an inability to sell, refurbish or realise value of lease assets in the event of default.

Contacts Page

Equities

Head of Equities	Mike Ryan	+612 9238 1527	mryan@shawandpartners.com.au
-------------------------	-----------	----------------	------------------------------

Chief Investment Officer

	Martin Crabb	+612 9238 1352	mcrabb@shawandpartners.com.au
--	--------------	----------------	-------------------------------

Research

Banks, Insurance	Brett Le Mesurier	+612 9238 1256	blemesurier@shawandpartners.com.au
Retailers, Technology	Danny Younis	+612 9238 1292	dyounis@shawandpartners.com.au
Technology, Life Sciences, Industry Consolidators	Darren Vincent	+612 9238 1269	dvincent@shawandpartners.com.au
Consumer Discretionary, Info Technology	Jonathon Higgins	+613 9268 1182	jhiggins@shawandpartners.com.au
Executive Assistant, Corporate Access	Melody Matthews	+612 9238 1299	mmatthews@shawandpartners.com.au
Metals & Mining	Peter O'Connor	+612 9238 1219	poconnor@shawandpartners.com.au
Real Estate	Peter Zuk	+612 9238 1211	pzuk@shawandpartners.com.au
Oil & Gas	Stuart Baker	+613 9268 1148	sbaker@shawandpartners.com.au

Income Strategies

	Cameron Duncan	+612 9238 1544	cduncan@shawandpartners.com.au
	Steve Anagnos	+612 9238 1513	sanagnos@shawandpartners.com.au

Institutional Equities

	David Erskine	+613 9268 1061	derskine@shawandpartners.com.au
	John Bowie Wilson	+612 9238 1253	jbowiewilson@shawandpartners.com.au
	Roger Gamble	+613 9268 1107	rgamble@shawandpartners.com.au
	Sam Kanaan	+612 9238 1275	skanaan@shawandpartners.com.au
	Scott Coventry	+612 9238 1363	scoventry@shawandpartners.com.au

Corporate Finance

Head of Corporate Finance	Geoff Carrick	+612 9238 1339	gcarrick@shawandpartners.com.au
	Damian Rigney	+612 9238 1398	drigney@shawandpartners.com.au
	David Kells	+612 9238 1362	dkells@shawandpartners.com.au
	Edward Loneragan	+612 9238 1283	eloneragan@shawandpartners.com.au
	George Kopsiaftis	+612 9238 1597	gkopsiaftis@shawandpartners.com.au
	Grace Belsito	+612 9238 1226	gbelsito@shawandpartners.com.au
	Jeremy D'Sylva	+612 9238 1239	jdsylva@shawandpartners.com.au
	Nick Tregoning	+612 9238 1397	ntregoning@shawandpartners.com.au
	Robert Hallam	+612 9238 1594	rhallam@shawandpartners.com.au

Sydney | Head Office

L15, 60 Castlereagh Street
Sydney NSW 2000
Telephone: +61 2 9238 1238
Fax: +61 2 9232 1296
Toll Free: 1800 636 625

Melbourne

L20, 90 Collins Street
Melbourne VIC 3000
Telephone: +61 3 9268 1000
Fax: +61 3 9650 2277
Toll Free: 1800 150 009

Brisbane

L28, 111 Eagle Street
Brisbane QLD 4000
Telephone: +61 7 3036 2500
Fax: +61 7 3036 2599
Toll Free: 1800 463 972

Perth

L14, 197 St Georges Terrace
Perth WA 6000
Telephone: +61 8 6188 7643
Fax: +61 8 6188 7607
Toll Free: 1800 636 625

Adelaide

L23, 91 King William Street
Adelaide SA 5000
Telephone: +61 8 7109 6000
Fax: +61 2 9232 1296
Toll Free: 1800 636 625

Canberra

L7, 54 Marcus Clarke Street
Canberra ACT 2600
Telephone: +61 2 6113 5300
Fax: +61 2 6113 5399
Toll Free: 1800 636 625

Rating Classification

Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

Risk Rating

High	Higher risk than the overall market – investors should be aware this stock may be speculative
Medium	Risk broadly in line with the overall market
Low	Lower risk than the overall market

RISK STATEMENT: Where a company is designated as ‘High’ risk, this means that the analyst has determined that the risk profile for this company is significantly higher than for the market as a whole, and so may not suit all investors. Clients should make an assessment as to whether this stock and its potential price volatility is compatible with their financial objectives. Clients should discuss this stock with their Shaw adviser before making any investment decision.

Disclaimer

Shaw and Partners Limited ABN 24 003 221 583 (“Shaw”) is a Participant of ASX Limited, Chi-X Australia Pty Limited and holder of Australian Financial Services Licence number 236048.

ANALYST CERTIFICATION: The Research Analyst who prepared this report hereby certifies that the views expressed in this document accurately reflect the analyst's personal views about the Company and its financial products. The Research Analyst has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendations or views in this report. As at the date of this report the Research Analyst does not have an interest in the financial products of the Company.

DISCLAIMER: This report is published by Shaw to its clients by way of general, as opposed to personal, advice. This means it has been prepared for multiple distribution without consideration of your investment objectives, financial situation and needs (“personal circumstances”). Accordingly, the advice given is not a recommendation that a particular course of action is suitable for you and the advice is therefore not to be acted on as investment advice. You must assess whether or not the advice is appropriate for your personal circumstances before making any investment decisions. You can either make this assessment yourself, or if you require a personal recommendation, you can seek the assistance of your Shaw client adviser. This report is provided to you on the condition that it not be copied, either in whole or in part, distributed to or disclosed to any other person. If you are not the intended recipient, you should destroy the report and advise Shaw that you have done so. This report is published by Shaw in good faith based on the facts known to it at the time of its preparation and does not purport to contain all relevant information with respect to the financial products to which it relates. Although the report is based on information obtained from sources believed to be reliable, Shaw does not make any representation or warranty that it is accurate, complete or up to date and Shaw accepts no obligation to correct or update the information or opinions in it. If you rely on this report, you do so at your own risk. Any projections are estimates only and may not be realised in the future. Except to the extent that liability under any law cannot be excluded, Shaw disclaims liability for all loss or damage arising as a result of any opinion, advice, recommendation, representation or information expressly or impliedly published in or in relation to this report notwithstanding any error or omission including negligence. This publication has been prepared in accordance with Shaw’s Research Policy. A copy of the Policy can be found at www.shawandpartners.com.au.

DISCLOSURE: Shaw will charge commission in relation to client transactions in financial products and Shaw client advisers will receive a share of that commission. Shaw, its authorised representatives, its associates and their respective officers and employees may have earned previously, or may in the future earn fees and commission from dealing in the Company's financial products.

Shaw acted for the company in a corporate capacity within the past 12 months for which it received a fee

Sydney Head Office	Melbourne	Brisbane	Perth	Adelaide	Canberra
L15, 60 Castlereagh Street Sydney NSW 2000	L20, 90 Collins Street Melbourne VIC 3000	L28, 111 Eagle Street Brisbane QLD 4000	L14, 197 St Georges Terrace Perth WA 6000	L23, 91 King William Street Adelaide SA 5000	L7, 54 Marcus Clarke Street Canberra ACT 2600
Telephone: +61 2 9238 1238	Telephone: +61 3 9268 1000	Telephone: +61 7 3036 2500	Telephone: +61 8 6188 7643	Telephone: +61 8 7109 6000	Telephone: +61 2 6113 5300
Fax: +61 2 9232 1296	Fax: +61 3 9650 2277	Fax: +61 7 3036 2599	Fax: +61 8 6188 7607	Fax: +61 2 9232 1296	Fax: +61 2 6113 5399
Toll Free: 1800 636 625	Toll Free: 1800 150 009	Toll Free: 1800 463 972	Toll Free: 1800 636 625	Toll Free: 1800 636 625	Toll Free: 1800 636 625

Holder of Australian Financial Services Licence Number 236048 | ABN 24 003 221 583 | Participant of ASX Limited, Chi-X Australia Pty Limited | www.shawandpartners.com.au