

PeopleIn Limited

Peer performance points to a challenging first half

September quarter reports by PPE's global peers paints a challenging picture for conditions in the recruitment and resource management market this half. Peers have reported group revenue declines of between -5% and -17% for the quarter, with regional performance in the Asia Pacific ranging from -2% to -24%. Given the fixed cost nature of the business models, peers have reported EBIT declines at 1x-2x the reduction in revenues. Combined with deteriorating business confidence conditions in Australia during September and October, we have proactively lowered earnings expectations for PPE in FY24e. We estimate that the technology, industrial and financial services franchises are likely to be the most at risk from the business conditions. PPE (and the broader sector) are cycling boom time recruitment conditions from 1H23. The magnitude of peer earnings declines highlights the high-margin nature of permanent recruitment, which is likely to be the sub-segment most effected by deteriorating business confidence. We have lowered PPE revenue estimates by -9% in FY24e, with a corresponding fall in EPS of -24%. On this lower earnings base, PPE trades on a forward P/E and EV/EBIT ratio of 7.8x and 6.8x respectively. Both metrics are at a discount to peers and PPE's 5-year average, underpinning a continued BUY recommendation. We acknowledge that the near-term sentiment is negative. Price target falls to \$2.19 per share (from \$2.89).

Earnings multiplier effect

- We retain a BUY recommendation on the basis that as a high beta stock with earnings multiplier effect, the low point in the cycle can represent the point for investors to generate strong future returns.

Second half skew in the numbers

- We expect a 1H/2H EBITDA split (after deducting share-based payments) of \$20.4m/\$24.7m. First half FY24 is likely to be a low-point in the cycle for PPE's earnings. We see medium-term tailwinds of population growth, outsourcing, economies of scale and exposure to niche industries such as Health and the PALM scheme as drivers for PPE into future periods.

\$2.19 price target (from \$2.89), BUY recommendation

- PPE is currently trading at a 55% discount versus its 5-year P/E average of 17.2x.

Year-end June (\$)	FY22A	FY23A	FY24E	FY25E	FY26E
Revenue (\$m)	682.3	1,186.3	1,132.8	1,203.0	1,275.7
EBITDA (\$m)	43.8	55.8	45.1	52.5	56.8
EBIT (\$m)	38.8	47.7	35.9	42.7	46.4
Reported NPAT (\$m)	18.4	20.6	15.1	20.4	23.4
Reported EPS (c)	19.4	20.4	14.8	20.1	23.0
Normalised NPAT (\$m)	25.7	29.0	20.6	25.9	28.9
Normalised EPS (c)	27.0	28.8	20.2	25.5	28.5
EPS Growth (%)	9.4	6.7	(29.8)	25.9	11.6
Dividend (c)	13.0	14.0	10.0	13.0	14.0
Net Yield (%)	8.2	8.9	6.3	8.2	8.9
Franking (%)	100	100	100	100	100
EV/EBITDA (X)	5.5	4.2	5.4	4.6	4.1
Normalised P/E (x)	5.9	5.5	7.8	6.2	5.6
Normalised ROE (%)	20.0	19.2	12.8	15.6	16.4

Source: OML, Iress, PeopleIn Limited

Last Price

A\$1.58

Target Price

A\$2.19 (Previously A\$2.89)

Recommendation

Buy

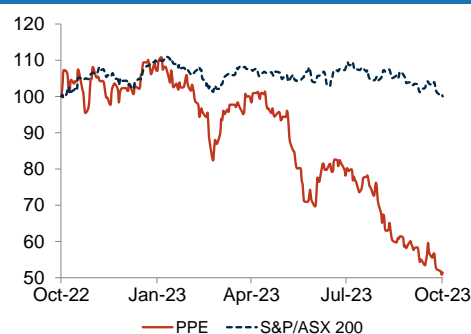
Risk

Higher

Human Resource and Employment Services

ASX Code	PPE
52 Week Range (\$)	1.56 - 3.40
Market Cap (\$m)	160.5
Shares Outstanding (m)	101.6
Av Daily Turnover (\$m)	0.4
3 Month Total Return (%)	-35.8
12 Month Total Return (%)	-48.5
Benchmark 12 Month Return (%)	0.0
NTA FY24E (¢ per share)	-48.3
Net Debt FY24E (\$m)	82.6

Relative Price Performance



Source: FactSet

Consensus Earnings

	FY24E	FY25E
NPAT (C) (\$m)	26.3	30.6
NPAT (OM) (\$m)	20.6	25.9
EPS (C) (c)	25.4	29.3
EPS (OM) (c)	20.2	25.5

Source: OML, Iress, PeopleIn Limited

Ian Munro

Senior Research Analyst
(03) 9608 4127
ian.munro@ords.com.au

Oliver Burston

Research Associate
(03) 9608 4166
oburston@ords.com.au

Key takeaways and outlook

- Peers report challenging 1H24 to date:** Global listed peers in the recruitment and resource management industries have reported challenging conditions during FY24e. Billed hours and gross income across both the permanent and contractor markets have reduced by between -2% and -24% across the peers (average -9.5%). Performance in the Asia Pacific region, including Australia, has mirrored these conditions, reflecting declining business confidence and cycling a high comparable base in FY23. The earnings multiplier effect is stark, with earnings contractions > revenue contractions.
- PeopleIn likely to experience negative performance during 1H24:** We have reviewed the peer performance and opted to lower FY24e revenue forecasts by 9%. We believe that conditions in the permanent and contracting market for technology, financial services and general industrials are likely to have deteriorated versus the pcg, impacting PPE's core franchise.
- FY24e earnings revisions:** FY24e EBITDA lowers to \$45.1m (from \$54.2m) after deducting share-based payments. We expect the FY24 results to be second half weighted, as per historical trends. PPE's medium-term outlook is supported by tailwinds including population growth, initiatives to capture cross-selling across the customer verticals and exposure to niche areas including health and the PALM scheme. Near term risks are heightened.

Figure 1: Forecast changes FY24e EPS ↓24%

	FY24e			FY25e			FY26e		
	old	new	change %	old	new	change %	old	new	change %
revenue- segments \$m									
Industrial & Specialist	922	837	-9%	984	896	-9%	1,044	954	-9%
Health & Community*	154	147	-4%	159	153	-4%	165	159	-3%
Professional Services	163	148	-9%	168	153	-9%	173	162	-6%
revenue- total	1239	1133	-9%	1311	1203	-8%	1382	1276	-8%
EBITDA- segments \$m									
Industrial & Specialist	41.8	33.3	-20%	44.2	38.4	-13%	46.3	40.7	-12%
Health & Community*	7.7	8.8	15%	11.0	10.4	-5%	11.4	10.9	-5%
Professional Services	13.9	12.1	-13%	15.1	13.3	-12%	16.3	15.2	-7%
unallocated	-4.7	-4.7	0%	-5.0	-5.0	0%	-5.4	-5.4	0%
EBITDA - pre SBP "PPE"	58.7	49.6	-15%	65.2	57.0	-13%	68.6	61.3	-11%
share based payments	-4.5	-4.5	0%	-4.5	-4.5	0%	-4.5	-4.5	0%
EBITDA- underlying	54.2	45.1	-17%	60.7	52.5	-14%	64.1	56.8	-11%
EBITDA margin %	4.7%	4.4%	-8%	5.0%	4.7%	-5%	5.0%	4.8%	-3%
Key P&L metrics \$m									
D&A- underlying	-9.2	-9.2	0%	-9.8	-9.8	0%	-10.4	-10.4	0%
EBITA	46.6	37.5	-19%	52.8	44.6	-16%	55.8	48.5	-13%
EBIT	44.9	35.9	-20%	50.9	42.7	-16%	53.6	46.4	-14%
net interest	-6.4	-6.5	-1%	-5.7	-5.7	-1%	-5.0	-5.1	-1%
PBT - underlying	38.5	29.4	-24%	45.2	37.0	-18%	48.6	41.3	-15%
NPATA - underlying**	26.9	20.6	-24%	31.7	25.9	-18%	34.0	28.9	-15%
EPS (cents): EPS-A**	26.5	20.2	-24%	31.2	25.5	-18%	33.5	28.5	-15%
D&A - reported	-17.1	-17.1	0%	-17.7	-17.7	0%	-18.3	-18.3	0%
Amortisation - abnormal	-7.8	-7.8	0%	-7.8	-7.8	0%	-7.8	-7.8	0%
Abnormals - pre-tax	0.0	0.0	na	0.0	0.0	na	0.0	0.0	na
reported NPAT	21.5	15.1	-30%	26.2	20.4	-22%	28.5	23.4	-18%
dividend (cents)	14.0	10.0	-29%	15.0	13.0	-13%	16.0	14.0	-13%
payout % cash EPS	53%	49%	-3%	48%	51%	3%	48%	49%	1%
Key metrics \$m									
operating cash flow	38.0	36.2	-5%	40.7	35.0	-14%	43.7	38.5	-12%
net capex & leases	-19.2	-19.2	0%	-17.7	-17.7	0%	-18.4	-18.4	0%
acquisitions (incl earn outs)	-12.6	-12.6	0%	-5.5	-5.5	0%	0.0	0.0	na
free cash flow (post tax)	6.2	4.5	-28%	17.5	11.8	-33%	25.3	20.1	-20%
net debt (cash)	53.2	55.0	3%	49.8	53.2	7%	39.6	46.1	16%
Net debt/EBITDA (with leases)	1.5x	1.8x	23%	1.3x	1.5x	21%	1.0x	1.3x	24%
ROE %	16%	13%	-22%	18%	16%	-15%	18%	16%	-10%
EV/EBITDA x	4.6	5.4	18%	4.0	4.6	14%	3.7	4.1	12%
EV/EBIT x	5.5	6.8	23%	4.8	5.7	17%	4.4	5.1	15%
P/E x	6.2	7.8	26%	5.3	6.2	17%	4.9	5.6	13%

**Ords NPAT and EPS-A excludes only customer contract amortisation and tax adjusts for this.

Source Ord Minnett Limited Research

Industry conditions

Figure 2: International peers, September quarter results

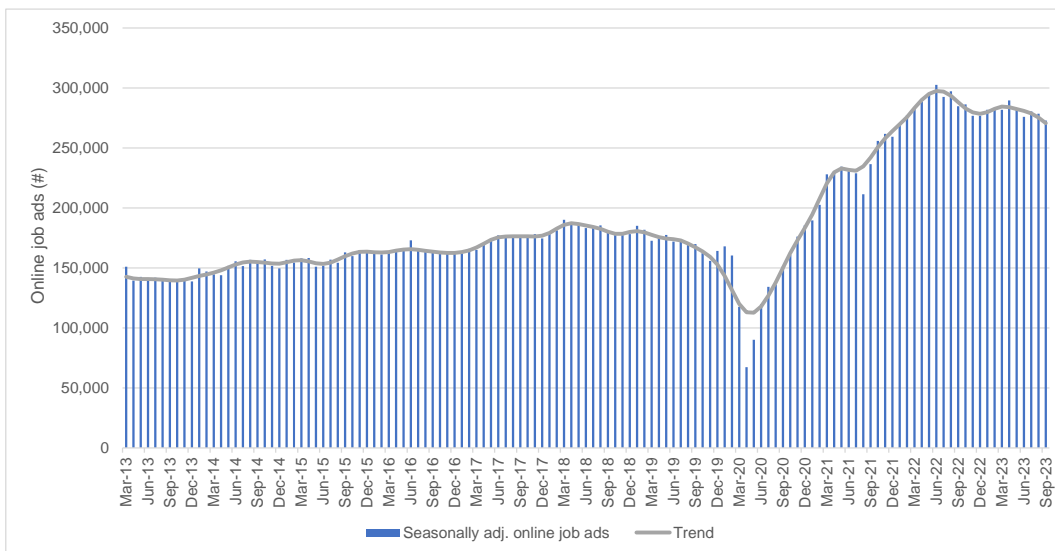
- PPEs International staffing and recruitment competitors experienced negative top line growth across the board during the September quarter as employers continue to slow down the rate of hiring amid ongoing macroeconomic uncertainty. Across APAC / ANZ geographies segment revenue declines ranged between -2% and -24%.

PPE Peers	Sep '23 qtr. group revenue vs. pcp (global)	APAC / ANZ Commentary for the September quarter '23
Hays (UK)	-7.0%	ANZ fee income was down -17% (temp -13% & perm -24%)
Page Group (UK)	-7.9%	Australia total fee income fell -11% vs the pcp.
Robert Walters (UK)	-17.0%	ANZ net fee income was down -24% which was a larger decline than the Group -17%
Robert Half (US)	-14.7%	Non USA revenues (which incl. Australia) fell -7% vs pcp. Group PBT -40% for the quarter vs. pcp
Manpower Group (US)	-5.0%	APAC/Middle East revenue fell -1.6% (currency adjusted), with the segment recording the smallest revenue decline vs other geographies. Group EBIT fell by 57% during the Sep quarter
Randstad (Euro)	-11.0%	Revenue in Australia/New Zealand was down 2% vs the pcp. Group EBITA fell by -19% during the Sep quarter
Average revenue	-9.5%	

Source: Ord Minnett Research, Company filings

Figure 3: Internet job ads slow off a high base

- During September internet job ads fell 4.1% vs the pcp to 272.9k, however are still well above long-term averages. We expect the number of job ads to reduce in line with business confidence. The Judo Bank Flash PMI Output Index posted 47.3 in October, the lowest reading in 21 months and the 3rd month in 4 months with a reading <50. (Source: Judo Bank, S&P).



Source: Ord Minnett Research, Australian Bureau of Statistics

Valuation

\$2.19 valuation (from \$2.89), BUY Recommendation

- We value PPE adopting a DCF methodology with a weighted average cost of capital of 11.5% (from 11.3%), cost of equity of 13.9% (from 13.1%) and terminal growth rate of 3% (no change). The revised DCF valuation is \$2.19 per share (from \$2.89 per share).
- We retain a BUY recommendation, noting that the stock is likely to trade on a discount to fair value in the short term until the earnings outlook becomes clearer. Further, the share price has retraced to low multiple levels, potentially in expectation of an economic downswing.
- PPE trades on a price/earnings ratio of 7.8x and an EV/EBIT ratio of 6.8x in FY24e. These represent a 38% and 23% discount to the peer set respectively. PPE is currently trading at a 55% discount versus its 5-year P/E average of 17.2x.
- Net debt/EBITDA is likely to peak during 1H24 at ~1.8x. We note that the company is historically a solid cash flow generator and is operating well within debt covenants.

Peer analysis

Figure 4: Peer valuation multiples

Company	Mkt cap		Price / Earnings			EV/ EBITDA			EV / Sales		Return on equity		EV / EBIT	
	A\$m	A\$m	FY22	FY23	FY24	FY22	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24
APM Group	1,830	2,758	10.6	11.5	10.1	9.1	7.8	6.6	1.4	1.2	9.2	11.2	12.9	10.4
Creek & River Co Ltd	443	347	18.6	15.7	13.2	n.a.	n.a.	6.6	0.7	0.7	19.9	20.1	8.3	7.2
Persol Holdings Co	5,297	5,420	17.3	15.6	13.8	7.7	7.5	6.6	0.4	0.4	16.8	19.3	9.5	9.2
JAC Recruitment	5,297	5,420	17.3	15.6	13.8	7.7	7.5	6.6	0.4	0.4	16.8	19.3	9.5	9.2
WDB Holdings Co	431	235	9.6	11.8	10.9	n.a.	n.a.	n.a.	0.5	0.5	12.4	12.4	4.5	4.2
Hays PLC	2,851	2,954	10.9	11.6	13.4	5.5	6.0	6.9	0.2	0.2	18.9	17.4	7.9	9.4
Page Group	2,350	2,361	8.6	14.0	11.8	4.8	6.7	6.1	0.6	0.6	25.1	29.4	10.0	8.4
Sthree PLC	876	793	8.6	9.1	8.3	4.5	4.5	4.1	0.3	0.2	23.2	22.4	5.9	5.3
Robert Walters	519	532	6.8	19.0	10.1	3.6	5.9	4.2	0.3	0.3	8.1	14.8	11.7	6.8
AMN Healthcare Services	4,423	6,022	6.5	9.2	10.8	4.6	6.6	7.6	1.0	1.1	27.9	21.8	10.4	12.0
Kforce Inc	3,729	3,446	7.3	9.0	11.8	3.8	4.4	5.4	0.8	0.8	n.a.	11.0	5.8	7.8
Brunel International NV	1,078	1,115	18.0	14.3	11.7	8.6	7.3	6.2	0.5	0.4	14.4	16.4	9.7	7.9
Recruit Holdings	77,361	70,153	23.7	24.7	22.3	13.9	13.6	12.1	1.9	2.0	19.0	17.9	18.3	16.5
Amadeus Fire AG	1,071	1,220	15.4	14.3	12.7	7.9	7.5	7.1	1.7	1.6	24.6	24.2	10.7	9.8
Average			12.8	14.0	12.5	6.8	7.1	6.6	0.8	0.7	18.2	18.4	9.6	8.9
Median			10.7	14.1	11.8	6.6	7.0	6.6	0.6	0.5	18.9	18.6	9.6	8.8
PeopleIn	160	243	5.9	5.5	7.8	5.5	4.2	5.4	0.2	0.2	18.2	12.8	4.9	6.8

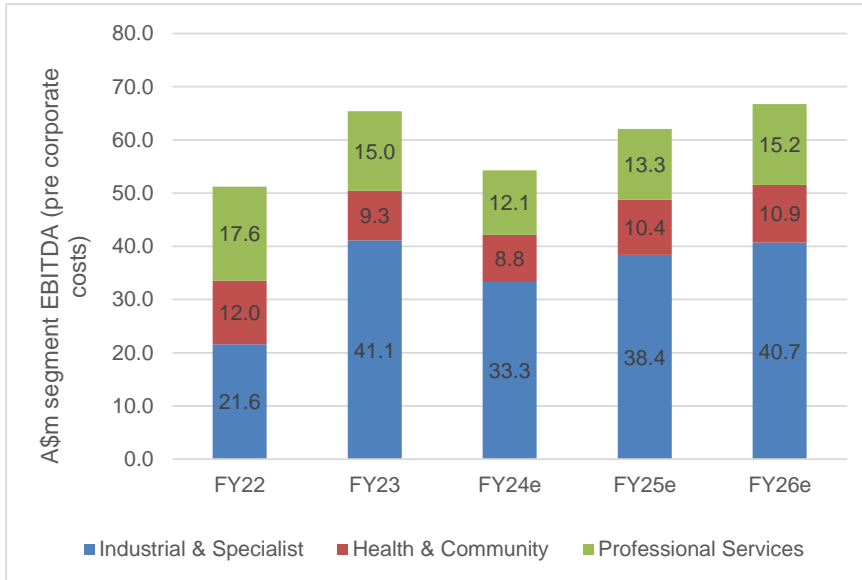
Source: Ord Minnett Research, Bloomberg

Investment thesis

PeopleIn has considerable exposure to the defensive healthcare and fast-growing technology recruitment sectors, which are forecast to grow faster than GDP annually to at least 2026, driven by population growth and demographic changes. PPE's acquisition strategy since listing has taken the brand portfolio to 26 in total whilst still delivering ~10% organic earnings growth since the acquisition. Acquired brands have typically broadened the service offering and geographical spread and added to the stickiness of the group in retaining and expanding panel-based work. PPE's strong return on equity and higher forecast free cash flows suggest the acquisition strategy has delivered positive returns post-integration.

Key forecasts

Figure 5: Segment EBITDA forecasts (pre corporate costs)



Source: Ord Minnett Research

Overview

PeopleIn is a workforce solutions company providing services to over 4,000 clients across the public and private sectors. PeopleIn operates across three business divisions 1.) Health and Community 2.) Industrial and Specialist Services 3.) Professional Services. Services include sourcing, skilling, deployment, and managing workforce staff across permanent employees and contract hires. Since listing in 2017, PPE has grown its recruitment network to 26 brands that collectively provide payroll for 10,000-15,000 candidates weekly. PeopleIn employs over 850 internal staff and has a national presence.

Key risks

- Changing employment conditions:** PPE's core business relies on the ongoing demand for labour. Economic conditions in segments including technology, financial services and industrial services may impact our financial forecasts beyond this earnings revision.
- Regulatory risk:** PPE's exposure to more unionised and politically sensitive sectors increases the risk of industrial action impacting the company's operations. Changes to government legislation relating to the PALM scheme may affect the business. However, given the barriers to entry in compliance, panel positions, systems and scale, the more regulated environment may benefit PPE's competitive positioning.
- Margin outlook:** EBITDA margins for the group declined to 4.8% during the 2H23 (from 5.4% during 1H23). PPE's margins are sensitive to economic conditions and the company's ability to manage cost pressures and utilise staff.

PeopleIn Limited

PROFIT & LOSS (A\$m)	2022A	2023A	2024E	2025E	2026E
Revenue	682.3	1,186.3	1,132.8	1,203.0	1,275.7
Operating costs	(638.5)	(1,130.6)	(1,087.7)	(1,150.4)	(1,218.9)
Operating EBITDA	43.8	55.8	45.1	52.5	56.8
D&A	(5.0)	(8.1)	(9.2)	(9.8)	(10.4)
EBIT	38.8	47.7	35.9	42.7	46.4
Net interest	(2.1)	(6.2)	(6.5)	(5.7)	(5.1)
Pre-tax profit	36.7	41.5	29.4	37.0	41.3
Net tax (expense) / benefit	(11.0)	(12.4)	(8.8)	(11.1)	(12.4)
Normalised NPAT	25.7	29.0	20.6	25.9	28.9
Reported NPAT	18.4	20.6	15.1	20.4	23.4
Normalised dil. EPS (cps)	27.0	28.8	20.2	25.5	28.5
Reported EPS (cps)	19.4	20.4	14.8	20.1	23.0
Effective tax rate (%)	28.4	28.4	28.4	28.4	28.4
DPS (cps)	13.0	14.0	10.0	13.0	14.0
Dividend yield (%)	8.2	8.9	6.3	8.2	8.9
Payout ratio (%)	48.1	48.6	49.4	51.0	49.2
Franking (%)	100.0	100.0	100.0	100.0	100.0
Diluted # of shares (m)	101.1	103.6	103.9	103.9	103.9

CASH FLOW (A\$m)	2022A	2023A	2024E	2025E	2026E
EBITDA incl. adjustments	49.9	56.6	45.1	52.5	56.8
Change in working capital	(22.6)	11.2	4.1	(3.1)	(3.2)
Net Interest (paid)/received	(2.1)	(6.2)	(6.5)	(5.7)	(5.1)
Income tax paid	(13.9)	(9.8)	(6.5)	(8.7)	(10.0)
Other operating items	10.8	12.6	-	-	-
Operating Cash Flow	22.0	64.4	36.2	35.0	38.5
Capex	(4.5)	(9.1)	(6.0)	(4.0)	(4.1)
Acquisitions	(50.0)	(12.2)	-	-	-
Other investing items	0.0	-	(12.6)	(5.5)	-
Investing Cash Flow	(54.3)	(21.0)	(18.4)	(9.3)	(3.9)
Inc/(Dec) in borrowings	59.4	(12.9)	(15.0)	(10.0)	(10.0)
Dividends paid	(10.6)	(4.9)	(14.1)	(10.2)	(13.2)
Other financing items	(3.6)	(12.7)	(13.2)	(13.7)	(14.3)
Financing Cash Flow	45.6	(30.5)	(42.3)	(33.9)	(37.5)
Net Inc/(Dec) in Cash	13.2	12.9	(24.4)	(8.2)	(2.9)

BALANCE SHEET (A\$m)	2022A	2023A	2024E	2025E	2026E
Cash	27.0	39.9	15.4	7.2	4.3
Receivables	115.8	120.3	117.9	125.2	132.8
Inventory	-	-	-	-	-
Other current assets	3.9	3.5	3.5	3.5	3.5
PP & E	15.8	29.8	37.4	45.2	53.3
Investments	-	-	-	-	-
Intangibles	202.0	203.2	210.0	207.6	199.4
Other non-current assets	0.3	0.3	0.3	0.3	0.3
Total Assets	364.8	396.9	384.5	389.0	393.6
Short term debt	32.6	27.9	27.9	27.9	27.9
Payables	51.0	66.6	68.3	72.5	76.9
Other current liabilities	36.6	45.2	45.2	45.2	45.2
Long term debt	65.7	57.5	42.5	32.5	22.5
Other non-current liabilities	36.5	39.6	39.6	39.6	39.6
Total Liabilities	222.4	236.9	223.5	217.7	212.1
Total Equity	142.3	160.0	161.0	171.2	181.4
Net debt (cash)	84.5	73.2	82.6	80.8	73.7

Buy

DIVISIONS	2022A	2023A	2024E	2025E	2026E
KEY METRICS (%)	2022A	2023A	2024E	2025E	2026E
Revenue growth	53.5	73.9	(4.5)	6.2	6.0
EBITDA growth	18.7	27.3	(19.2)	16.5	8.1
EBIT growth	14.6	23.0	(24.9)	19.1	8.6
Normalised EPS growth	9.4	6.7	(29.8)	25.9	11.6
EBITDA margin	6.4	4.7	4.0	4.4	4.5
EBIT margin	5.7	4.0	3.2	3.5	3.6
Return on assets	9.5	9.0	6.6	7.9	8.5
Return on equity	20.0	19.2	12.8	15.6	16.4

VALUATION RATIOS (x)	2022A	2023A	2024E	2025E	2026E
Reported P/E	8.2	7.7	10.6	7.9	6.9
Normalised P/E	5.9	5.5	7.8	6.2	5.6
Price To Free Cash Flow	10.8	3.7	9.4	9.3	8.0
Price To NTA	-	-	-	-	-
EV / EBITDA	5.5	4.2	5.4	4.6	4.1
EV / EBIT	6.2	4.9	6.8	5.7	5.1

LEVERAGE	2022A	2023A	2024E	2025E	2026E
ND / (ND + Equity) (%)	37.3	31.4	33.9	32.1	28.9
Net Debt / EBITDA (%)	192.9	131.2	183.1	153.8	129.8
EBIT Interest Cover (x)	18.1	7.6	5.5	7.5	9.1
EBITDA Interest Cover (x)	20.4	8.9	7.0	9.2	11.2

VALUATION

Cost of Equity (%)	13.9
Cost of debt (after tax) (%)	4.4
D / EV (%)	(25.0)
WACC (%)	11.5
Forecast cash flow (\$m)	90.8
Terminal value (\$m)	139.6
Enterprise Value (\$m)	230.5
Equity NPV Per Share (\$)	2.19
Target Price Method	DCF
Target Price (\$)	2.19
Valuation disc. / (prem.) to share price (%)	38.6

Institutional Research			
Alastair Hunter	Head of Institutional Research	+61 3 9608 4168	ahunter@ords.com.au
Malcolm Wood	Macro Strategy Analyst	+61 2 8216 6777	mwood@ords.com.au
Lindsay Bettiol	Senior Research Analyst	+61 3 9608 4179	lbettiol@ords.com.au
Nicolas Burgess	Senior Research Analyst	+61 3 9602 9379	nburgess@ords.com.au
James Casey	Senior Research Analyst	+61 3 9602 9265	jamescasey@ords.com.au
Phillip Chippindale	Senior Research Analyst	+61 2 8216 6346	pchippindale@ords.com.au
Tom Godfrey	Senior Research Analyst	+61 7 3214 5587	tgodfrey@ords.com.au
Paul Kaner	Senior Research Analyst	+61 7 3214 5514	pkaner@ords.com.au
Ian Munro	Senior Research Analyst	+61 3 9608 4127	ian.munro@ords.com.au
John O'Shea	Senior Research Analyst	+61 3 9608 4146	joshea@ords.com.au
Leanne Truong	Senior Research Analyst	+61 2 8216 6367	ltruong@ords.com.au
Rushil Paiva	Research Analyst	+61 3 9608 4155	rpaiva@ords.com.au
Tim Elder	Research Associate	+61 7 3214 5565	telder @ords.com.au
Milo Ferris	Research Associate	+61 2 8216 6691	mferris@ords.com.au
Dylan Jones	Research Associate	+61 3 9608 4104	djones@ords.com.au
William Thurlow	Research Associate	+61 2 8216 6623	wthurlow@ords.com.au
Benjamin Yun	Research Associate	+61 2 8216 6646	byun@ords.com.au
Oliver Burston	Research Associate	+61 3 9608 4166	oburston@ords.com.au

Institutional Sales (Australia)			
Angus Esslemont	Head of Institutional Equities	+61 2 8216 6363	aesslemont@ords.com.au
Jim Bromley	Institutional Equities Sales	+61 2 8216 6343	jbromley@ords.com.au
Stephen Jolly	Institutional Equities Sales	+61 2 8216 6424	sjolly@ords.com.au
Isaac Morris	Institutional Equities Sales	+61 2 8216 6370	imorris@ords.com.au
Scott Ramsay	Institutional Equities Sales	+61 3 9608 4100	sramsay@ords.com.au
Matt White	Institutional Equities Sales	+61 3 9608 4133	mwhite@ords.com.au
Zac Whitehead	Institutional Equities Sales	+61 2 8216 6350	zwhitehead@ords.com.au
Trent Stewart	Institutional Derivatives Sales	+61 2 8216 6622	trent.stewart@ords.com.au
Brendan Sweeney	Operator	+61 2 8216 6781	bsweeney@ords.com.au

Institutional Sales (Hong Kong)			
Chris Moore	Institutional Equities Sales	+61 2 8216 6362	cmoore@ords.com.hk

Ord Minnett Offices

Adelaide
Level 5
100 Pirie Street
Adelaide SA 5000
Tel: (08) 8203 2500

Canberra
101 Northbourne Avenue
Canberra ACT 2600
Tel: (02) 6206 1700

Hobart
Ground Floor
85 Macquarie Street
Hobart TAS 7000
Tel: (03) 6161 9300

Melbourne
Level 22
35 Collins Street
Melbourne VIC 3000
Tel: (03) 9608 4111

Head Office
Sydney
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000
Tel: (02) 8216 6300
www.ords.com.au

Brisbane
Level 34
71 Eagle Street
Brisbane QLD 4000
Tel: (07) 3214 5555

Geelong
Office 3, Suite 4
200 Malop Street
Geelong VIC 3220
Tel: (03) 4210 0200

Mackay
45 Gordon Street
Mackay QLD 4740
Tel: (07) 4969 4888

Newcastle
426 King Street
Newcastle NSW 2300
Tel: (02) 4910 2400

Buderim (Sunshine Coast)
1/99 Burnett Street
Buderim QLD 4556
Tel: (07) 5430 4444

Gold Coast
Level 7
50 Appel Street
Surfers Paradise QLD 4217
Tel: (07) 5557 3333

Mildura
128 Lime Avenue
Mildura VIC 3500
Tel: (03) 9608 4111

Perth
Level 27
108 St Georges Terrace
Perth WA 6000
Tel: (02) 4910 2400

International
Hong Kong
1801 Ruttonjee House
11 Duddell Street
Central, Hong Kong
Tel: +852 2912 8980
www.ords.com.hk

Guide to Ord Minnett Recommendations

Our recommendations are based on the total return of a stock – nominal dividend yield plus capital appreciation – and have a 12-month time horizon.

SPECULATIVE BUY	We expect the stock's total return (nominal yield plus capital appreciation) to exceed 20% over 12 months. The investment may have a strong capital appreciation but also has high degree of risk and there is a significant risk of capital loss.
BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over the next 12 months.
ACCUMULATE	We expect a total return of between 5% and 15%. Investors should consider adding to holdings or taking a position in the stock on share price weakness.
HOLD	We expect the stock to return between 0% and 5%, and believe the stock is fairly priced.
LIGHTEN	We expect the stock's return to be between 0% and negative 15%. Investors should consider decreasing their holdings.
SELL	We expect the total return to lose 15% or more.
RISK ASSESSMENT	Classified as Lower, Medium or Higher, the risk assessment denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, historical volatility of its share price, nature of its operations and other relevant quantitative and qualitative criteria. Risk is assessed by comparison with other Australian stocks, not across other asset classes such as Cash or Fixed Interest.

Disclosure: Ord Minnett is the trading brand of Ord Minnett Limited ABN 86 002 733 048, holder of AFS Licence Number 237121 and is an ASX Group Participant, a Participant of Cboe Australia Pty Ltd and a wholly owned subsidiary of Ord Minnett Holdings Pty Limited ABN 32 062 323 728. Ord Minnett Limited and/or its associated entities, directors and/or its employees may have a material interest in, and may earn brokerage from, any securities referred to in this document. This document is not available for distribution outside Australia, New Zealand and Hong Kong and may not be passed on to any third party or person without the prior written consent of Ord Minnett Limited. Further, Ord Minnett and/or its affiliated companies may have acted as manager or co-manager of a public offering of any such securities in the past three years. Ord Minnett and/or its affiliated companies may provide or may have provided corporate finance to the companies referred to in the report.

Ord Minnett and associated persons (including persons from whom information in this report is sourced) may do business or seek to do business with companies covered in its research reports. As a result, investors should be aware that the firm or other such persons may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

This document is current as at the date of the issue but may be superseded by future publications. You can confirm the currency of this document by checking Ord Minnett's internet site.

Disclaimer: Ord Minnett Limited believes that the information contained in this document has been obtained from sources that are accurate, but has not checked or verified this information. Except to the extent that liability cannot be excluded, Ord Minnett Limited and its associated entities accept no liability for any loss or damage caused by any error in, or omission from, this document. This document is intended to provide general securities advice only, and has been prepared without taking account of your objectives, financial situation or needs, and therefore before acting on advice contained in this document, you should consider its appropriateness having regard to your objectives, financial situation and needs. If any advice in this document relates to the acquisition or possible acquisition of a particular financial product, you should obtain a copy of and consider the Product Disclosure Statement for that product before making any decision. Investments can go up and down. Past performance is not necessarily indicative of future performance.

Analyst Certification: The analyst certifies that: (1) all of the views expressed in this research accurately reflect their personal views about any and all of the subject securities or issuers; (2) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed herein.

Ord Minnett Hong Kong: This document is issued in Hong Kong by Ord Minnett Hong Kong Limited, CR Number 1792608, which is licensed by the Securities and Futures Commission (CE number BAI183) for Dealing in Securities (Type 1 Regulated Activity) and Advising on Securities (Type 4 Regulated Activity) and Asset Management (Type 9 Regulated Activity) in Hong Kong. Ord Minnett Hong Kong Limited believes that the information contained in this document has been obtained from sources that are accurate, but has not checked or verified this information. Except to the extent that liability cannot be excluded, Ord Minnett Hong Kong Limited and its associated entities accept no liability for any loss or damage caused by any error in, or omission from, this document. This document is provided for information purposes only and does not constitute an offer to sell (or solicitation of an offer to purchase) the securities mentioned or to participate in any particular trading strategy. The investments described have not been, and will not be, authorized by the Hong Kong Securities and Futures Commission.

For summary information about the qualifications and experience of the Ord Minnett Limited research service, please visit <http://www.ords.com.au/our-team-2/>

For information regarding Ord Minnett Research's coverage criteria, methodology and spread of ratings, please visit <http://www.ords.com.au/methodology/>

For information regarding any potential conflicts of interest and analyst holdings, please visit <http://www.ords.com.au/methodology/>

The analyst has certified that they were not in receipt of inside information when preparing this report, whether or not it contains company recommendations. Any reports in this publication have been authorised for distribution by Alastair Hunter, Head of Institutional Research at Ord Minnett.