2025 EXTEL AUSTRALIA AND NEW ZEALAND RESEARCH SURVEY

Vote for
Jefferies Analysts

Jefferies

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MACRO

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INDUSTRY

Banks	Matt Wilson / Christian Mazza
Consumer Discretionary	Michael Simotas / John Campbell / Naveed Fazal Bawa / Thomas Mortlock-Chapman
Consumer Staples	Michael Simotas / Naveed Fazal Bawa
Energy (Oil & Gas)	Michael Simotas / Naveed Fazal Bawa
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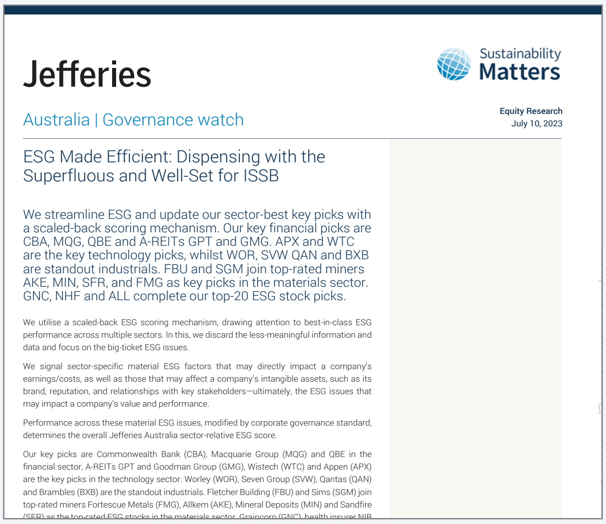
Vote for **Stephen Blagg**

– ESG

KEY REPORT
Australia | Governance watch
ESG Made Efficient: Dispensing with the Superfluous and Well-Set for ISSB
10 July 2023



Jefferies

Sustainability Matters

Australia | Governance watch

Equity Research
July 10, 2023

ESG Made Efficient: Dispensing with the Superfluous and Well-Set for ISSB

We streamline ESG and update our sector-best key picks with a scaled-back scoring mechanism. Our key financial picks are CBA, MQG, QBE and A-REITs GPT and GMG. APX and WTC are the key technology picks, whilst WOR, SVW QAN and BXB are standout industrials. FBU and SGM join top-rated miners AKE, MIN, SFR, and FMG as key picks in the materials sector. GNC, NHF and ALL complete our top-20 ESG stock picks.

We utilise a scaled-back ESG scoring mechanism, drawing attention to best-in-class ESG performance across multiple sectors. In this, we discard the less-meaningful information and data and focus on the big-ticket ESG issues.

We signal sector-specific material ESG factors that may directly impact a company's earnings/costs, as well as those that may affect a company's intangible assets, such as its brand, reputation, and relationships with key stakeholders—ultimately, the ESG issues that may impact a company's value and performance.

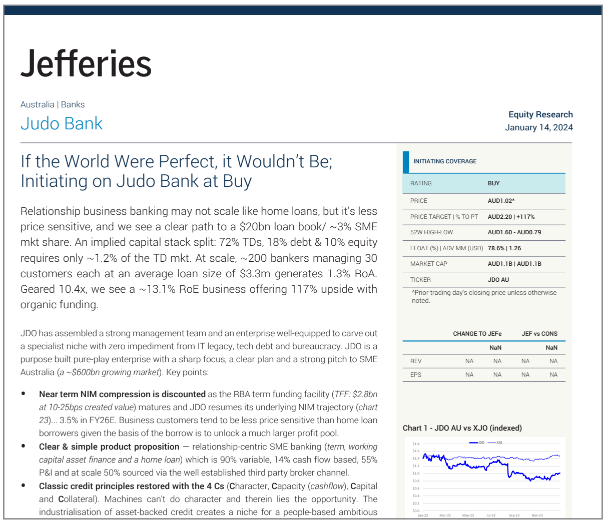
Performance across these material ESG issues, modified by corporate governance standard, determines the overall Jefferies Australia sector-relative ESG score.

Our key picks are Commonwealth Bank (CBA), Macquarie Group (MQG) and QBE in the financial sector, A-REITs GPT and Goodman Group (GMG), Wistech (WTC) and Appen (APX) are the key picks in the technology sector. Worley (WOR), Seven Group (SVW), Qantas (QAN) and Brambles (BXB) are the standout industrials. Fletcher Building (FBU) and Sims (SGM) join top-rated miners Fortescue Metals (FMG), Allkem (AKE), Mineral Deposits (MIN) and Sandfire (SFR) as the top-rated ESG stocks in the materials sector. Graincorp (GNC), health insurer NIB

Vote for **Matt Wilson**

– Banks

KEY REPORT
Australia | Banks | Judo Bank
If the World Were Perfect, it Wouldn't Be; Initiating on Judo Bank at Buy
14 January 2024



Jefferies

Australia | Banks
Judo Bank

Equity Research
January 14, 2024

If the World Were Perfect, it Wouldn't Be; Initiating on Judo Bank at Buy

Relationship business banking may not scale like home loans, but it's less price sensitive, and we see a clear path to a $20bn loan book/ ~3% SME mkt share. An implied capital stack split: 72% TDs, 18% debt & 10% equity requires only ~1.2% of the TD mkt. At scale, ~200 bankers managing 30 customers each at an average loan size of $3.3m generates 1.3% RoA. Geared 10.4x, we see a ~13.1% RoE business offering 117% upside with organic funding.

JDO has assembled a strong management team and an enterprise well-equipped to carve out a specialist niche with zero impediment from IT legacy, tech debt and bureaucracy. JDO is a purpose built pure-play enterprise with a sharp focus, a clear plan and a strong pitch to SME Australia (*a ~$600bn growing market*). Key points:

- **Near term NIM compression is discounted** as the RBA term funding facility (*TFF: $2.8bn at 10-25bps created value*) matures and JDO resumes its underlying NIM trajectory (*chart 23*)... 3.5% in FY26E. Business customers tend to be less price sensitive than home loan borrowers given the basis of the borrow is to unlock a much larger profit pool.
- **Clear & simple product proposition** — relationship-centric SME banking (*term, working capital asset finance and a home loan*) which is 90% variable, 14% cash flow based, 55% P&I and at scale 50% sourced via the well established third party broker channel.
- **Classic credit principles restored with the 4 Cs** (**C**haracter, **C**apacity (*cashflow*), **C**apital and **C**ollateral). Machines can't do character and therein lies the opportunity. The industrialisation of asset-backed credit creates a niche for a people-based ambitious

INITIATING COVERAGE

RATING	BUY
PRICE	AUD1.02^
PRICE TARGET | % TO PT	AUD2.20 | +117%
52W HIGH-LOW	AUD1.60 - AUD0.79
FLOAT (%) | ADV MM (USD)	78.6% | 1.26
MARKET CAP	AUD1.1B | AUD1.1B
TICKER	JDO AU

^Prior trading day's closing price unless otherwise noted.

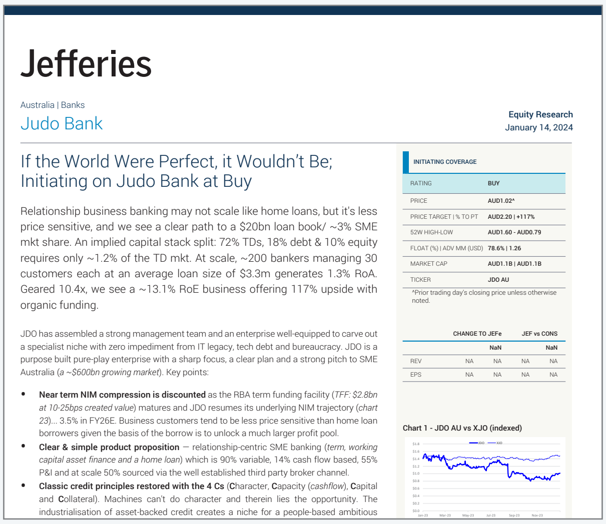
	CHANGE TO JEFe		JEF vs CONS	
		NaN		NaN
REV	NA	NA	NA	NA
EPS	NA	NA	NA	NA

Chart 1 - JDO AU vs XJO (indexed)

Vote for **Christian Mazza**

– Banks

KEY REPORT
Australia | Banks | Judo Bank
If the World Were Perfect, it Wouldn't Be; Initiating on Judo Bank at Buy
14 January 2024



Jefferies

Australia | Banks
Judo Bank

Equity Research
January 14, 2024

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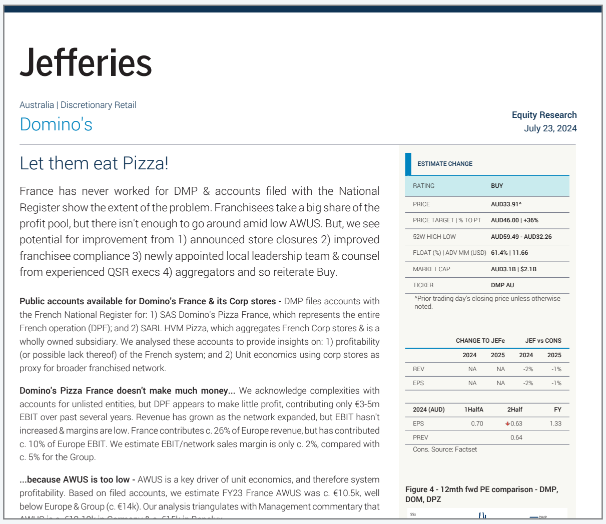
	CHANGE TO JEFe		JEF vs CONS	
		NaN		NaN
REV	NA	NA	NA	NA
EPS	NA	NA	NA	NA

Chart 1 - JDO AU vs XJO (indexed)

Vote for **Michael Simotas**

- Consumer Discretionary
- Consumer Staples
- Energy (Oil & Gas)

KEY REPORT
Australia | Discretionary Retail | Domino's
Let them eat Pizza!
23 July 2024



Jefferies

Australia | Discretionary Retail
Domino's

Equity Research
July 23, 2024

Let them eat Pizza!

France has never worked for DMP & accounts filed with the National Register show the extent of the problem. Franchisees take a big share of the profit pool, but there isn't enough to go around amid low AWUS. But, we see potential for improvement from 1) announced store closures 2) improved franchisee compliance 3) newly appointed local leadership team & counsel from experienced QSR execs 4) aggregators and so reiterate Buy.

Public accounts available for Domino's France & its Corp stores - DMP files accounts with the French National Register for: 1) SAS Domino's Pizza France, which represents the entire French operation (DPF); and 2) SARL HVM Pizza, which aggregates French Corp stores & is a wholly owned subsidiary. We analysed these accounts to provide insights on: 1) profitability (or possible lack thereof) of the French system; and 2) Unit economics using corp stores as proxy for broader franchised network.

Domino's Pizza France doesn't make much money... We acknowledge complexities with accounts for unlisted entities, but DPF appears to make little profit, contributing only €3-5m EBIT over past several years. Revenue has grown as the network expanded, but EBIT hasn't increased & margins are low. France contributes c. 26% of Europe revenue, but has contributed c. 10% of Europe EBIT. We estimate EBIT/network sales margin is only c. 2%, compared with c. 5% for the Group.

...because AWUS is too low - AWUS is a key driver of unit economics, and therefore system profitability. Based on filed accounts, we estimate FY23 France AWUS was c. €10.5k, well below Europe & Group (c. €14k). Our analysis triangulates with Management commentary that

ESTIMATE CHANGE	
RATING	BUY
PRICE	AUD33.91^
PRICE TARGET | % TO PT	AUD46.00 | +36%
52W HIGH-LOW	AUD59.49 - AUD32.26
FLOAT (%) | ADV MM (USD)	61.4% | 11.66
MARKET CAP	AUD3.1B | $2.1B
TICKER	DMP AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2024	2025	2024	2025
REV	NA	NA	-2%	-1%
EPS	NA	NA	-2%	-1%

2024 (AUD)	1HalfA	2Half	FY
EPS	0.70	0.63	1.33
PREV		0.64	

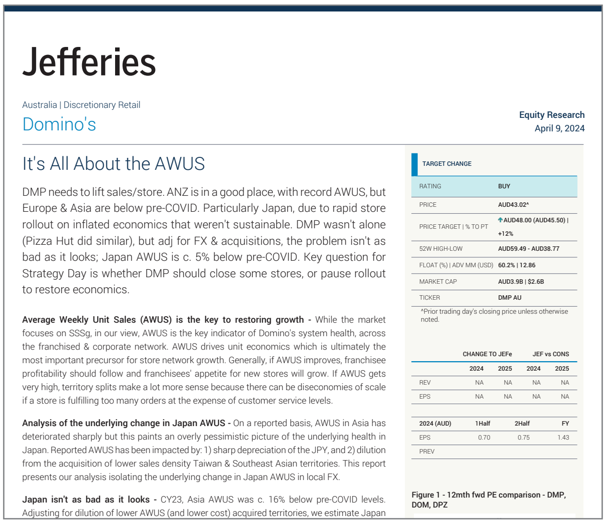
Cons. Source: Factset

Figure 4 - 12mth fwd PE comparison - DMP, DOM, DPZ

Vote for **Naveed Fazal Bawa**

- Consumer Discretionary
- Consumer Staples
- Energy (Oil & Gas)

KEY REPORT
Australia | Discretionary Retail | Domino's
It's All About the AWUS
9 April 2024



Jefferies

Australia | Discretionary Retail
Domino's

Equity Research
April 9, 2024

It's All About the AWUS

DMP needs to lift sales/store. ANZ is in a good place, with record AWUS, but Europe & Asia are below pre-COVID. Particularly Japan, due to rapid store rollout on inflated economics that weren't sustainable. DMP wasn't alone (Pizza Hut did similar), but adj for FX & acquisitions, the problem isn't as bad as it looks; Japan AWUS is c. 5% below pre-COVID. Key question for Strategy Day is whether DMP should close some stores, or pause rollout to restore economics.

Average Weekly Unit Sales (AWUS) is the key to restoring growth - While the market focuses on SSSg, in our view, AWUS is the key indicator of Domino's system health, across the franchised & corporate network. AWUS drives unit economics which is ultimately the most important precursor for store network growth. Generally, if AWUS improves, franchisee profitability should follow and franchisees' appetite for new stores will grow. If AWUS gets very high, territory splits make a lot more sense because there can be diseconomies of scale if a store is fulfilling too many orders at the expense of customer service levels.

Analysis of the underlying change in Japan AWUS - On a reported basis, AWUS in Asia has deteriorated sharply but this paints an overly pessimistic picture of the underlying health in Japan. Reported AWUS has been impacted by: 1) sharp depreciation of the JPY, and 2) dilution from the acquisition of lower sales density Taiwan & Southeast Asian territories. This report presents our analysis isolating the underlying change in Japan AWUS in local FX.

Japan isn't as bad as it looks - CY23, Asia AWUS was c. 16% below pre-COVID levels. Adjusting for dilution of lower AWUS (and lower cost) acquired territories, we estimate Japan

TARGET CHANGE	
RATING	BUY
PRICE	AUD43.02^
PRICE TARGET | % TO PT	AUD48.00 (AUD45.50) | +12%
52W HIGH-LOW	AUD59.49 - AUD38.77
FLOAT (%) | ADV MM (USD)	60.2% | 12.86
MARKET CAP	AUD3.9B | $2.6B
TICKER	DMP AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2024	2025	2024	2025
REV	NA	NA	NA	NA
EPS	NA	NA	NA	NA

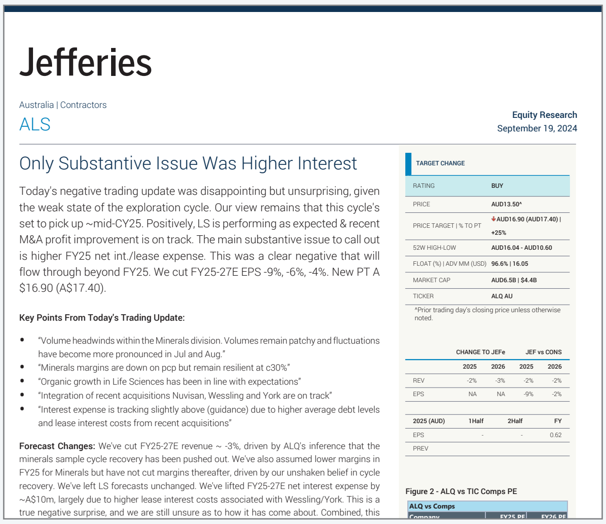
2024 (AUD)	1Half	2Half	FY
EPS	0.70	0.75	1.43
PREV			

Figure 1 - 12mth fwd PE comparison - DMP, DOM, DPZ

Vote for **John Campbell**

- Consumer Discretionary
- Industrials
- Small & Midcap
- TMT

KEY REPORT
Australia | Contractors | ALS
Only Substantive Issue Was Higher Interest
19 September 2024



Jefferies

Australia | Contractors
ALS

Equity Research
September 19, 2024

Only Substantive Issue Was Higher Interest

Today's negative trading update was disappointing but unsurprising, given the weak state of the exploration cycle. Our view remains that this cycle's set to pick up ~mid-CY25. Positively, LS is performing as expected & recent M&A profit improvement is on track. The main substantive issue to call out is higher FY25 net int./lease expense. This was a clear negative that will flow through beyond FY25. We cut FY25-27E EPS -9%, -6%, -4%. New PT A$16.90 (A$17.40).

Key Points From Today's Trading Update:

- "Volume headwinds within the Minerals division. Volumes remain patchy and fluctuations have become more pronounced in Jul and Aug."
- "Minerals margins are down on pcp but remain resilient at c30%"
- "Organic growth in Life Sciences has been in line with expectations"
- "Integration of recent acquisitions Nuvisan, Wessling and York are on track"
- "Interest expense is tracking slightly above (guidance) due to higher average debt levels and lease interest costs from recent acquisitions"

Forecast Changes: We've cut FY25-27E revenue ~ -3%, driven by ALQ's inference that the minerals sample cycle recovery has been pushed out. We've also assumed lower margins in FY25 for Minerals but have not cut margins thereafter, driven by our unshaken belief in cycle recovery. We've left LS forecasts unchanged. We've lifted FY25-27E net interest expense by ~A$10m, largely due to higher lease interest costs associated with Wessling/York. This is a true negative surprise, and we are still unsure as to how it has come about. Combined, this

TARGET CHANGE	
RATING	BUY
PRICE	AUD13.50^
PRICE TARGET | % TO PT	AUD16.90 (AUD17.40) | +25%
52W HIGH-LOW	AUD16.04 - AUD10.60
FLOAT (%) | ADV MM (USD)	96.6% | 16.05
MARKET CAP	AUD6.5B | $4.4B
TICKER	ALQ AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV	-2%	-3%	-2%	-2%
EPS	NA	NA	-9%	-2%

2025 (AUD)	1Half	2Half	FY
EPS	-	-	0.62
PREV			

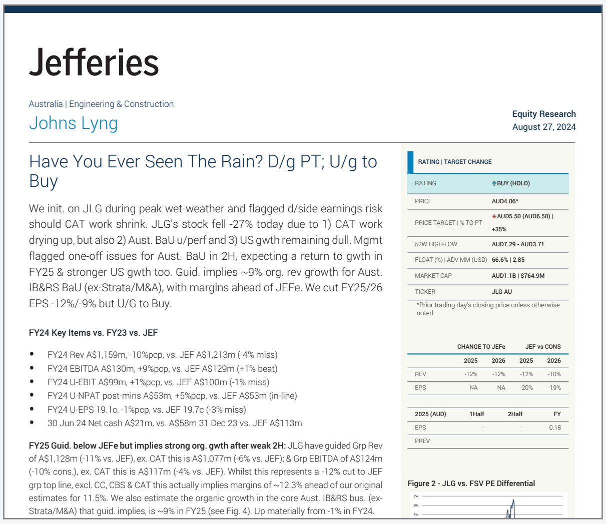
Figure 2 - ALQ vs TIC Comps PE

Vote for **Thomas Mortlock-Chapman**

- Consumer Discretionary
- Industrials
- Small & Midcap
- TMT

KEY REPORT

Australia | Engineering & Construction | Johns Lyng
Have You Ever Seen The Rain? D/g PT; U/g to Buy
19 September 2024



Jefferies

Australia | Engineering & Construction
Johns Lyng

Equity Research
August 27, 2024

Have You Ever Seen The Rain? D/g PT; U/g to Buy

We init. on JLG during peak wet-weather and flagged d/side earnings risk should CAT work shrink. JLG's stock fell -27% today due to 1) CAT work drying up, but also 2) Aust. BaU u/perf and 3) US gwth remaining dull. Mgmt flagged one-off issues for Aust. BaU in 2H, expecting a return to gwth in FY25 & stronger US gwth too. Guid. implies ~9% org. rev growth for Aust. IB&RS BaU (ex-Strata/M&A), with margins ahead of JEFe. We cut FY25/26 EPS -12%/-9% but U/G to Buy.

FY24 Key Items vs. FY23 vs. JEF

- FY24 Rev A$1,159m, -10%pcp, vs. JEF A$1,213m (-4% miss)
- FY24 EBITDA A$130m, +9%pcp, vs. JEF A$129m (+1% beat)
- FY24 U-EBIT A$99m, +1%pcp, vs. JEF A$100m (-1% miss)
- FY24 U-NPAT post-mins A$53m, +5%pcp, vs. JEF A$53m (in-line)
- FY24 U-EPS 19.1c, -1%pcp, vs. JEF 19.7c (-3% miss)
- 30 Jun 24 Net cash A$21m, vs. A$58m 31 Dec 23 vs. JEF A$113m

FY25 Guid. below JEFe but implies strong org. gwth after weak 2H: JLG have guided Grp Rev of A$1,128m (-11% vs. JEF), ex. CAT this is A$1,077m (-6% vs. JEF); & Grp EBITDA of A$124m (-10% cons.), ex. CAT this is A$117m (-4% vs. JEF). Whilst this represents a -12% cut to JEF grp top line, excl. CC, CBS & CAT this actually implies margins of ~12.3% ahead of our original estimates for 11.5%. We also estimate the organic growth in the core Aust. IB&RS bus. (ex-Strata/M&A) that guid. implies, is ~9% in FY25 (see Fig. 4). Up materially from -1% in FY24.

RATING | TARGET CHANGE

RATING	↑BUY (HOLD)
PRICE	AUD4.06^
PRICE TARGET | % TO PT	↓AUD5.50 (AUD6.50) | +35%
52W HIGH-LOW	AUD7.29 - AUD3.71
FLOAT (%) | ADV MM (USD)	66.6% | 2.85
MARKET CAP	AUD1.1B | $764.9M
TICKER	JLG AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV	-12%	-12%	-12%	-10%
EPS	NA	NA	-20%	-19%

2025 (AUD)	1Half	2Half	FY
EPS	-	-	0.18
PREV			

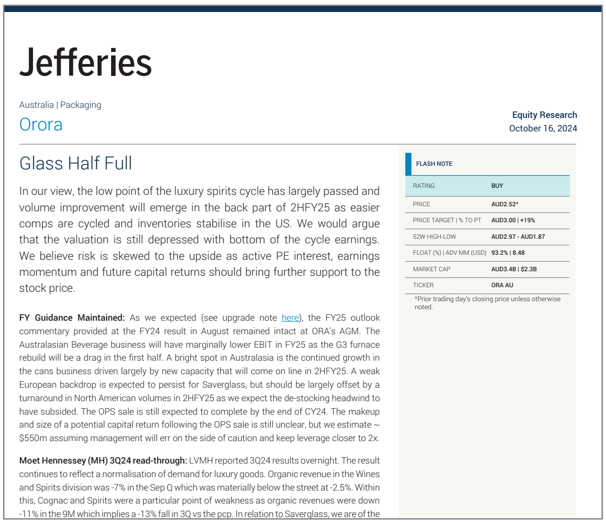
Figure 2 - JLG vs. FSV PE Differential

Vote for **Henry Copley**

- Industrials

KEY REPORT

Australia | Packaging | Orora
Glass Half Full
16 October 2024



Jefferies

Australia | Packaging
Orora

Equity Research
October 16, 2024

Glass Half Full

In our view, the low point of the luxury spirits cycle has largely passed and volume improvement will emerge in the back part of 2HFY25 as easier comps are cycled and inventories stabilise in the US. We would argue that the valuation is still depressed with bottom of the cycle earnings. We believe risk is skewed to the upside as active PE interest, earnings momentum and future capital returns should bring further support to the stock price.

FY Guidance Maintained: As we expected (see upgrade note here), the FY25 outlook commentary provided at the FY24 result in August remained intact at ORA's AGM. The Australasian Beverage business will have marginally lower EBIT in FY25 as the G3 furnace rebuild will be a drag in the first half. A bright spot in Australasia is the continued growth in the cans business driven largely by new capacity that will come on line in 2HFY25. A weak European backdrop is expected to persist for Saverglass, but should be largely offset by a turnaround in North American volumes in 2HFY25 as we expect the de-stocking headwind to have subsided. The OPS sale is still expected to complete by the end of CY24. The makeup and size of a potential capital return following the OPS sale is still unclear, but we estimate ~ $550m assuming management will err on the side of caution and keep leverage closer to 2x.

Moet Hennessey (MH) 3Q24 read-through: LVMH reported 3Q24 results overnight. The result continues to reflect a normalisation of demand for luxury goods. Organic revenue in the Wines and Spirits division was -7% in the Sep Q which was materially below the street at -2.5%. Within this, Cognac and Spirits were a particular point of weakness as organic revenues were down -11% in the 9M which implies a -13% fall in 3Q vs the pcp. In relation to Saverglass, we are of the

FLASH NOTE

RATING	BUY
PRICE	AUD2.52^
PRICE TARGET | % TO PT	AUD3.00 | +19%
52W HIGH-LOW	AUD2.97 - AUD1.87
FLOAT (%) | ADV MM (USD)	93.2% | 8.48
MARKET CAP	AUD3.4B | $2.3B
TICKER	ORA AU

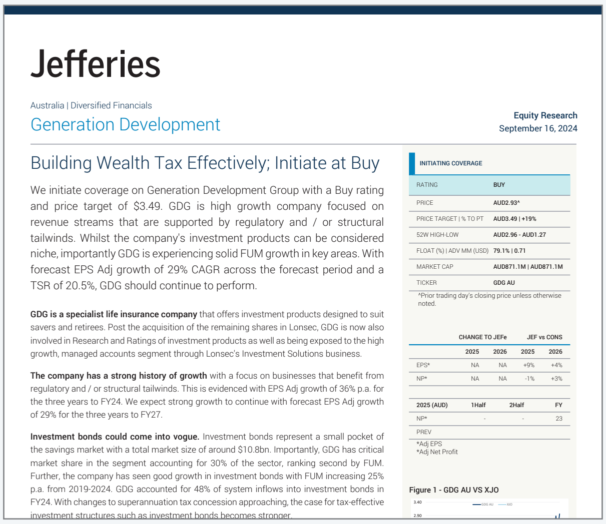
^Prior trading day's closing price unless otherwise noted.

Vote for **Simon Fitzgerald**

- Insurance & Other Non-Bank Financials

KEY REPORT

Australia | Diversified Financials | Generation Development
Building Wealth Tax Effectively; Initiate at Buy
16 September 2024



Jefferies

Australia | Diversified Financials
Generation Development

Equity Research
September 16, 2024

Building Wealth Tax Effectively; Initiate at Buy

We initiate coverage on Generation Development Group with a Buy rating and price target of $3.49. GDG is high growth company focused on revenue streams that are supported by regulatory and / or structural tailwinds. Whilst the company's investment products can be considered niche, importantly GDG is experiencing solid FUM growth in key areas. With forecast EPS Adj growth of 29% CAGR across the forecast period and a TSR of 20.5%, GDG should continue to perform.

GDG is a specialist life insurance company that offers investment products designed to suit savers and retirees. Post the acquisition of the remaining shares in Lonsec, GDG is now also involved in Research and Ratings of investment products as well as being exposed to the high growth, managed accounts segment through Lonsec's Investment Solutions business.

The company has a strong history of growth with a focus on businesses that benefit from regulatory and / or structural tailwinds. This is evidenced with EPS Adj growth of 36% p.a. for the three years to FY24. We expect strong growth to continue with forecast EPS Adj growth of 29% for the three years to FY27.

Investment bonds could come into vogue. Investment bonds represent a small pocket of the savings market with a total market size of around $10.8bn. Importantly, GDG has critical market share in the segment accounting for 30% of the sector, ranking second by FUM. Further, the company has seen good growth in investment bonds with FUM increasing 25% p.a. from 2019-2024. GDG accounted for 48% of system inflows into investment bonds in FY24. With changes to superannuation tax concession approaching, the case for tax-effective investment structures such as investment bonds becomes stronger.

INITIATING COVERAGE

RATING	BUY
PRICE	AUD2.93^
PRICE TARGET | % TO PT	AUD3.49 | +19%
52W HIGH-LOW	AUD2.96 - AUD1.27
FLOAT (%) | ADV MM (USD)	79.1% | 0.71
MARKET CAP	AUD871.1M | AUD871.1M
TICKER	GDG AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
EPS*	NA	NA	+9%	+4%
NP*	NA	NA	-1%	+3%

2025 (AUD)	1Half	2Half	FY
NP*	-	-	23
PREV			

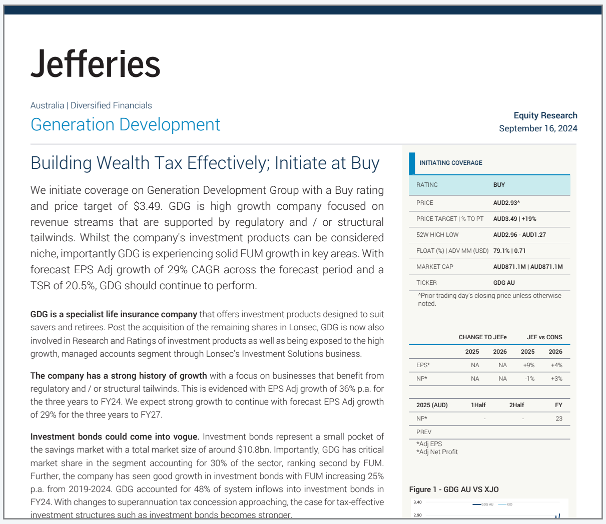
*Adj EPS
*Adj Net Profit

Figure 1 - GDG AU VS XJO

Vote for **William Richardson**

– Insurance & Other Non-Bank Financials

KEY REPORT
Australia | Diversified Financials | Generation Development
Building Wealth Tax Effectively; Initiate at Buy
16 September 2024



Jefferies

Australia | Diversified Financials
Generation Development

Equity Research
September 16, 2024

Building Wealth Tax Effectively; Initiate at Buy

We initiate coverage on Generation Development Group with a Buy rating and price target of $3.49. GDG is high growth company focused on revenue streams that are supported by regulatory and / or structural tailwinds. Whilst the company's investment products can be considered niche, importantly GDG is experiencing solid FUM growth in key areas. With forecast EPS Adj growth of 29% CAGR across the forecast period and a TSR of 20.5%, GDG should continue to perform.

GDG is a specialist life insurance company that offers investment products designed to suit savers and retirees. Post the acquisition of the remaining shares in Lonsec, GDG is now also involved in Research and Ratings of investment products as well as being exposed to the high growth, managed accounts segment through Lonsec's Investment Solutions business.

The company has a strong history of growth with a focus on businesses that benefit from regulatory and / or structural tailwinds. This is evidenced with EPS Adj growth of 36% p.a. for the three years to FY24. We expect strong growth to continue with forecast EPS Adj growth of 29% for the three years to FY27.

Investment bonds could come into vogue. Investment bonds represent a small pocket of the savings market with a total market size of around $10.8bn. Importantly, GDG has critical market share in the segment accounting for 30% of the sector, ranking second by FUM. Further, the company has seen good growth in investment bonds with FUM increasing 25% p.a. from 2019-2024. GDG accounted for 48% of system inflows into investment bonds in FY24. With changes to superannuation tax concession approaching, the case for tax-effective investment structures such as investment bonds becomes stronger.

INITIATING COVERAGE

RATING	BUY
PRICE	AUD2.93*
PRICE TARGET | % TO PT	AUD3.49 | +19%
52W HIGH-LOW	AUD2.96 - AUD1.27
FLOAT (%) | ADV MM (USD)	79.1% | 0.71
MARKET CAP	AUD871.1M | AUD871.1M
TICKER	GDG AU

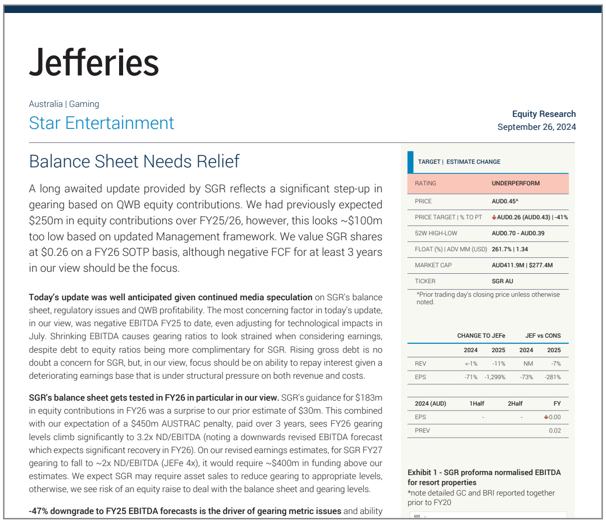
*Prior trading day's closing price unless otherwise noted.

Figure 1 - GDG AU VS XJO

Vote for **Kai Erman**

– Leisure, Entertainment & Lodging

KEY REPORT
Australia | Gaming | Star Entertainment
Balance Sheet Needs Relief
26 September 2024



Jefferies

Australia | Gaming
Star Entertainment

Equity Research
September 26, 2024

Balance Sheet Needs Relief

A long awaited update provided by SGR reflects a significant step-up in gearing based on QWB equity contributions. We had previously expected $250m in equity contributions over FY25/26, however, this looks ~$100m too low based on updated Management framework. We value SGR shares at $0.26 on a FY26 SOTP basis, although negative FCF for at least 3 years in our view should be the focus.

Today's update was well anticipated given continued media speculation on SGR's balance sheet, regulatory issues and QWB profitability. The most concerning factor in today's update, in our view, was negative EBITDA FY25 to date, even adjusting for technological impacts in July. Shrinking EBITDA causes gearing ratios to look strained when considering earnings, despite debt to equity ratios being more complimentary for SGR. Rising gross debt is no doubt a concern for SGR, but, in our view, focus should be on ability to repay interest given a deteriorating earnings base that is under structural pressure on both revenue and costs.

SGR's balance sheet gets tested in FY26 in particular in our view. SGR's guidance for $183m in equity contributions in FY26 was a surprise to our prior estimate of $30m. This combined with our expectation of a $450m AUSTRAC penalty, paid over 3 years, sees FY26 gearing levels climb significantly to 3.2x ND/EBITDA (noting a downwards revised EBITDA forecast which expects significant recovery in FY26). On our revised earnings estimates, for SGR FY27 gearing to fall to ~2x ND/EBITDA (JEFe 4x), it would require ~$400m in funding above our estimates. We expect SGR may require asset sales to reduce gearing to appropriate levels, otherwise, we see risk of an equity raise to deal with the balance sheet and gearing levels.

-47% downgrade to FY25 EBITDA forecasts is the driver of gearing metric issues and ability

TARGET | ESTIMATE CHANGE

RATING	UNDERPERFORM
PRICE	AUD0.45*
PRICE TARGET | % TO PT	AUD0.26 (AUD0.43) | -41%
52W HIGH-LOW	AUD0.70 - AUD0.39
FLOAT (%) | ADV MM (USD)	261.7% | 1.34
MARKET CAP	AUD411.9M | $277.4M
TICKER	SGR AU

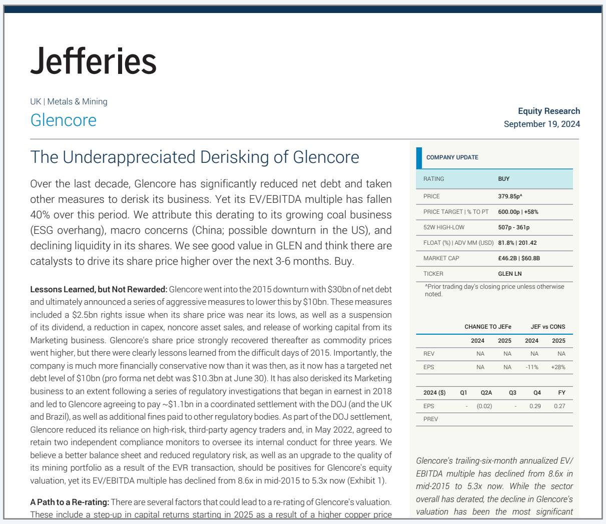
*Prior trading day's closing price unless otherwise noted.

Exhibit 1 - SGR proforma normalised EBITDA for resort properties
*note detailed GC and BRI reported together prior to FY20

Vote for **Chris LaFemina**

– Metals & Mining

KEY REPORT
UK | Metals & Mining | Glencore
The Underappreciated Derisking of Glencore
19 September 2024



Jefferies

UK | Metals & Mining
Glencore

Equity Research
September 19, 2024

The Underappreciated Derisking of Glencore

Over the last decade, Glencore has significantly reduced net debt and taken other measures to derisk its business. Yet its EV/EBITDA multiple has fallen 40% over this period. We attribute this derating to its growing coal business (ESG overhang), macro concerns (China; possible downturn in the US), and declining liquidity in its shares. We see good value in GLEN and think there are catalysts to drive its share price higher over the next 3-6 months. Buy.

Lessons Learned, but Not Rewarded: Glencore went into the 2015 downturn with $30bn of net debt and ultimately announced a series of aggressive measures to lower this by $10bn. These measures included a $2.5bn rights issue when its share price was near its lows, as well as a suspension of its dividend, a reduction in capex, noncore asset sales, and release of working capital from its Marketing business. Glencore's share price strongly recovered thereafter as commodity prices went higher, but there were clearly lessons learned from the difficult days of 2015. Importantly, the company is much more financially conservative now than it was then, as it now has a targeted net debt level of $10bn (pro forma net debt was $10.3bn at June 30). It has also derisked its Marketing business to an extent following a series of regulatory investigations that began in earnest in 2018 and led to Glencore agreeing to pay ~$1.1bn in a coordinated settlement with the DOJ (and the UK and Brazil), as well as additional fines paid to other regulatory bodies. As part of the DOJ settlement, Glencore reduced its reliance on high-risk, third-party agency traders and, in May 2022, agreed to retain two independent compliance monitors to oversee its internal conduct for three years. We believe a better balance sheet and reduced regulatory risk, as well as an upgrade to the quality of its mining portfolio as a result of the EVR transaction, should be positives for Glencore's equity valuation, yet its EV/EBITDA multiple has declined from 8.6x in mid-2015 to 5.3x now (Exhibit 1).

A Path to a Re-rating: There are several factors that could lead to a re-rating of Glencore's valuation. These include a step-up in capital returns starting in 2025 as a result of a higher copper price

COMPANY UPDATE

RATING	BUY
PRICE	379.85p*
PRICE TARGET | % TO PT	600.00p | +58%
52W HIGH-LOW	507p - 361p
FLOAT (%) | ADV MM (USD)	81.8% | 201.42
MARKET CAP	£46.2B | $60.8B
TICKER	GLEN LN

*Prior trading day's closing price unless otherwise noted.

Glencore's trailing-six-month annualized EV/EBITDA multiple has declined from 8.6x in mid-2015 to 5.3x now. While the sector overall has derated, the decline in Glencore's valuation has been the most significant

Vote for **Mitchell Ryan**

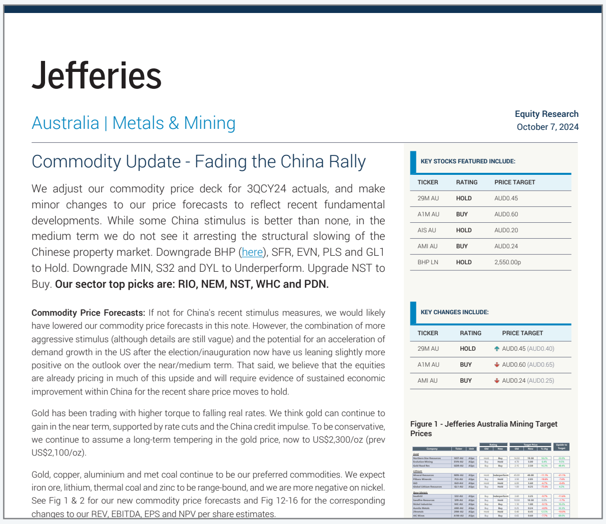
– Metals & Mining

KEY REPORT

Australia | Metals & Mining

Commodity Update - Fading the China Rally

7 October 2024



Jefferies

Australia | Metals & Mining

Equity Research
October 7, 2024

Commodity Update - Fading the China Rally

We adjust our commodity price deck for 3QCY24 actuals, and make minor changes to our price forecasts to reflect recent fundamental developments. While some China stimulus is better than none, in the medium term we do not see it arresting the structural slowing of the Chinese property market. Downgrade BHP (here), SFR, EVN, PLS and GL1 to Hold. Downgrade MIN, S32 and DYL to Underperform. Upgrade NST to Buy. **Our sector top picks are: RIO, NEM, NST, WHC and PDN.**

Commodity Price Forecasts: If not for China's recent stimulus measures, we would likely have lowered our commodity price forecasts in this note. However, the combination of more aggressive stimulus (although details are still vague) and the potential for an acceleration of demand growth in the US after the election/inauguration now have us leaning slightly more positive on the outlook over the near/medium term. That said, we believe that the equities are already pricing in much of this upside and will require evidence of sustained economic improvement within China for the recent share price moves to hold.

Gold has been trading with higher torque to falling real rates. We think gold can continue to gain in the near term, supported by rate cuts and the China credit impulse. To be conservative, we continue to assume a long-term tempering in the gold price, now to US$2,300/oz (prev US$2,100/oz).

Gold, copper, aluminium and met coal continue to be our preferred commodities. We expect iron ore, lithium, thermal coal and zinc to be range-bound, and we are more negative on nickel. See Fig 1 & 2 for our new commodity price forecasts and Fig 12-16 for the corresponding changes to our REV, EBITDA, EPS and NPV per share estimates.

KEY STOCKS FEATURED INCLUDE:

TICKER	RATING	PRICE TARGET
29M AU	HOLD	AUD0.45
A1M AU	BUY	AUD0.60
AIS AU	HOLD	AUD0.20
AMI AU	BUY	AUD0.24
BHP LN	HOLD	2,550.00p

KEY CHANGES INCLUDE:

TICKER	RATING	PRICE TARGET
29M AU	HOLD	↑ AUD0.45 (AUD0.40)
A1M AU	BUY	↓ AUD0.60 (AUD0.65)
AMI AU	BUY	↓ AUD0.24 (AUD0.25)

Figure 1 - Jefferies Australia Mining Target Prices

Vote for **Daniel Roden**

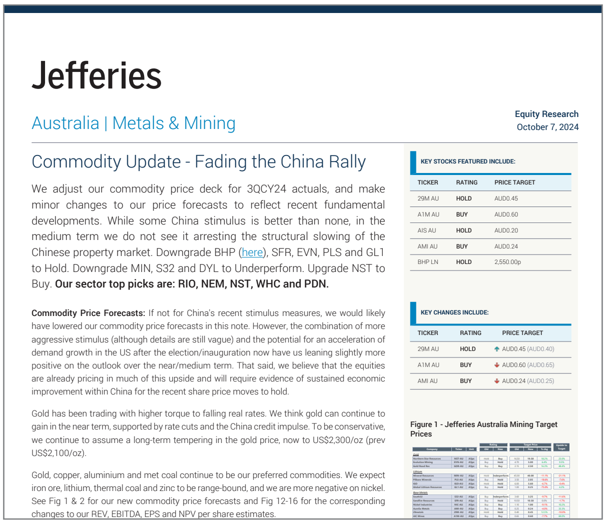
– Metals & Mining

KEY REPORT

Australia | Metals & Mining

Commodity Update - Fading the China Rally

7 October 2024



Jefferies

Australia | Metals & Mining

Equity Research
October 7, 2024

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BHP LN	HOLD	2,550.00p

KEY CHANGES INCLUDE:

TICKER	RATING	PRICE TARGET
29M AU	HOLD	↑ AUD0.45 (AUD0.40)
A1M AU	BUY	↓ AUD0.60 (AUD0.65)
AMI AU	BUY	↓ AUD0.24 (AUD0.25)

Figure 1 - Jefferies Australia Mining Target Prices

Vote for **Wei Sim**

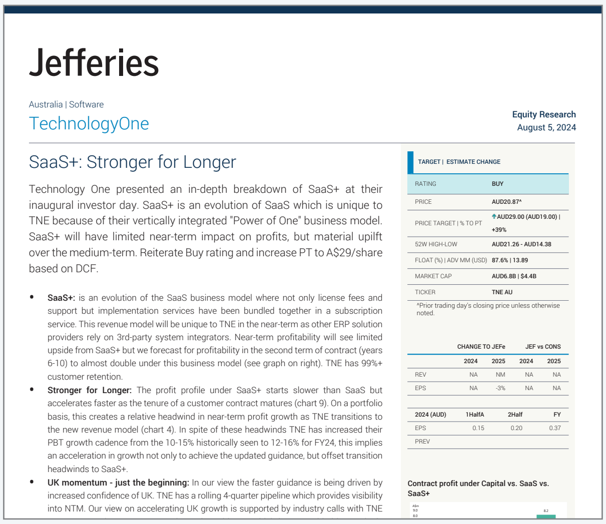
– Small & Midcap
– TMT

KEY REPORT

Australia | Software | TechnologyOne

SaaS+: Stronger for Longer

5 August 2024



Jefferies

Australia | Software

TechnologyOne

Equity Research
August 5, 2024

SaaS+: Stronger for Longer

Technology One presented an in-depth breakdown of SaaS+ at their inaugural investor day. SaaS+ is an evolution of SaaS which is unique to TNE because of their vertically integrated "Power of One" business model. SaaS+ will have limited near-term impact on profits, but material upilft over the medium-term. Reiterate Buy rating and increase PT to A$29/share based on DCF.

- **SaaS+:** is an evolution of the SaaS business model where not only license fees and support but implementation services have been bundled together in a subscription service. This revenue model will be unique to TNE in the near-term as other ERP solution providers rely on 3rd-party system integrators. Near-term profitability will see limited upside from SaaS+ but we forecast for profitability in the second term of contract (years 6-10) to almost double under this business model (see graph on right). TNE has 99%+ customer retention.
- **Stronger for Longer:** The profit profile under SaaS+ starts slower than SaaS but accelerates faster as the tenure of a customer contract matures (chart 9). On a portfolio basis, this creates a relative headwind in near-term profit growth as TNE transitions to the new revenue model (chart 4). In spite of these headwinds TNE has increased their PBT growth cadence from the 10-15% historically seen to 12-16% for FY24, this implies an acceleration in growth not only to achieve the updated guidance, but offset transition headwinds to SaaS+.
- **UK momentum - just the beginning:** In our view the faster guidance is being driven by increased confidence of UK. TNE has a rolling 4-quarter pipeline which provides visibility into NTM. Our view on accelerating UK growth is supported by industry calls with TNE

TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	AUD20.87^
PRICE TARGET | % TO PT	↑ AUD29.00 (AUD19.00) | +39%
52W HIGH-LOW	AUD21.26 - AUD14.38
FLOAT (%) | ADV MM (USD)	87.6% | 13.89
MARKET CAP	AUD6.8B | $4.4B
TICKER	TNE AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2024	2025	2024	2025
REV	NA	NM	NA	NA
EPS	NA	-3%	NA	NA

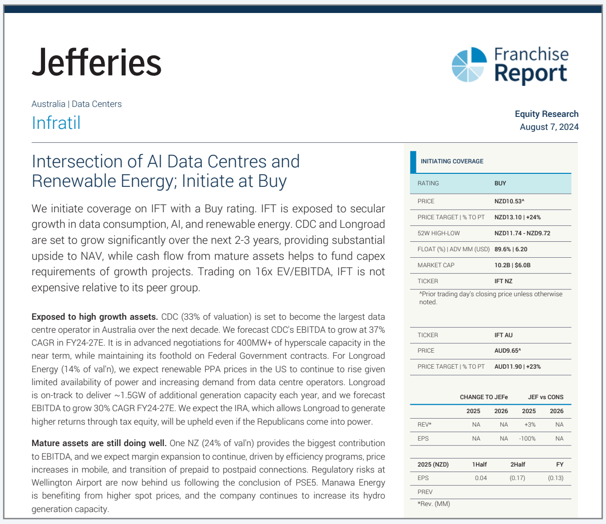
2024 (AUD)	1HalfA	2Half	FY
EPS	0.15	0.20	0.37
PREV			

Contract profit under Capital vs. SaaS vs. SaaS+

Vote for **Roger Samuel**

– TMT

KEY REPORT
Australia | Data Centers | Infratil
Intersection of AI Data Centres and Renewable Energy; Initiate at Buy
7 August 2024



Jefferies

Franchise Report

Australia | Data Centers
Infratil

Equity Research
August 7, 2024

Intersection of AI Data Centres and Renewable Energy; Initiate at Buy

We initiate coverage on IFT with a Buy rating. IFT is exposed to secular growth in data consumption, AI, and renewable energy. CDC and Longroad are set to grow significantly over the next 2-3 years, providing substantial upside to NAV, while cash flow from mature assets helps to fund capex requirements of growth projects. Trading on 16x EV/EBITDA, IFT is not expensive relative to its peer group.

Exposed to high growth assets. CDC (33% of valuation) is set to become the largest data centre operator in Australia over the next decade. We forecast CDC's EBITDA to grow at 37% CAGR in FY24-27E. It is in advanced negotiations for 400MW+ of hyperscale capacity in the near term, while maintaining its foothold on Federal Government contracts. For Longroad Energy (14% of val'n), we expect renewable PPA prices in the US to continue to rise given limited availability of power and increasing demand from data centre operators. Longroad is on-track to deliver ~1.5GW of additional generation capacity each year, and we forecast EBITDA to grow 30% CAGR FY24-27E. We expect the IRA, which allows Longroad to generate higher returns through tax equity, will be upheld even if the Republicans come into power.

Mature assets are still doing well. One NZ (24% of val'n) provides the biggest contribution to EBITDA, and we expect margin expansion to continue, driven by efficiency programs, price increases in mobile, and transition of prepaid to postpaid connections. Regulatory risks at Wellington Airport are now behind us following the conclusion of PSE5. Manawa Energy is benefiting from higher spot prices, and the company continues to increase its hydro generation capacity.

INITIATING COVERAGE

RATING	BUY
PRICE	NZD10.53^
PRICE TARGET | % TO PT	NZD13.10 | +24%
52W HIGH-LOW	NZD11.74 - NZD9.72
FLOAT (%) | ADV MM (USD)	89.6% | 6.20
MARKET CAP	10.2B | $6.0B
TICKER	IFT NZ

^Prior trading day's closing price unless otherwise noted.

TICKER	IFT AU
PRICE	AUD9.65^
PRICE TARGET | % TO PT	AUD11.90 | +23%

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV*	NA	NA	+3%	NA
EPS	NA	NA	-100%	NA

2025 (NZD)	1Half	2Half	FY
EPS	0.04	(0.17)	(0.13)
PREV			

*Rev. (MM)

Vote for **Jennifer Xu**

– Small & Midcap
– TMT

KEY REPORT
Australia | Technology | Nuix
You Are the One, Neo: Initiate at Buy
2 September 2024

Jefferies

Australia | Technology
Nuix

Equity Research
September 2, 2024

You Are the One, Neo: Initiate at Buy

Nuix had a rocky start on the ASX, fraught with forecast downgrades, legal issues and questions over board and management. Some legal overhang remains, but we think most issues have been addressed. Though still early days, management have started to rebuild investor confidence, providing guidance upgrades during FY24. In FY24 Nuix introduced Neo, which we think will be the key driver of the company's next leg of growth. Initiate at Buy with PT of A$6.1.

Nuix is a provider of investigative analytics and intelligence software, that helps customers collect, process and review massive amounts of structured and unstructured data, making it searchable and actionable at scale and speed, and with forensic accuracy.

- **Neo is the One:** (Nuix) Neo resets commercial relationships with both new and existing customers. In our view Neo has two key differentiators: 1) Transition from a traditional component offering to a unified platform; 2) A consumption-based subscription model. Neo's unified platform reduces hurdles to adoption while providing faster implementation times. A consumption model will drive greater growth whilst also addressing cannibalisation of Nuix's revenue model from consultants' use of subscription/perpetual licences. We forecast for Neo to contribute 18% of total ACV by FY27e.
- **Consumption-based model transition:** We forecast for global data generation to grow at a 23% CAGR beyond 2030. This will be a tailwind for consumption licence fees. Driven by Neo, we forecast for consumption licence revenues to see 2024-32e revenue CAGR of 33% vs. ex-consumption licence revenues of 12%.

INITIATING COVERAGE

RATING	BUY
PRICE	AUD4.76^
PRICE TARGET | % TO PT	AUD6.10 | +28%
52W HIGH-LOW	AUD5.00 - AUD1.33
FLOAT (%) | ADV MM (USD)	85.1% | 6.16
MARKET CAP	AUD1.6B | AUD1.6B
TICKER	NXL AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV*	NA	NA	NA	NA
EPS	NA	NA	NA	NA

2025 (AUD)	1Half	2Half	FY
EPS	0.01	0.03	0.04
PREV			

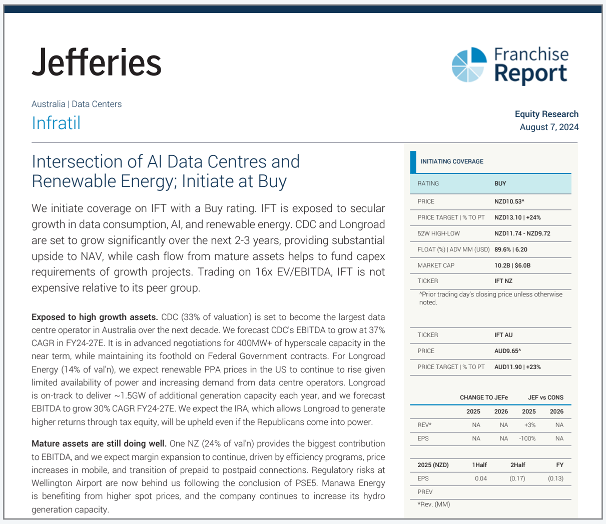
*Rev. (MM)

Chart 1 - Nuix ACV contribution

Vote for **Lucy Krimmer**

– TMT

KEY REPORT
Australia | Data Centers | Infratil
Intersection of AI Data Centres and Renewable Energy; Initiate at Buy
7 August 2024



Jefferies

Franchise Report

Australia | Data Centers
Infratil

Equity Research
August 7, 2024

Intersection of AI Data Centres and Renewable Energy; Initiate at Buy

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Mature assets are still doing well. One NZ (24% of val'n) provides the biggest contribution to EBITDA, and we expect margin expansion to continue, driven by efficiency programs, price increases in mobile, and transition of prepaid to postpaid connections. Regulatory risks at Wellington Airport are now behind us following the conclusion of PSE5. Manawa Energy is benefiting from higher spot prices, and the company continues to increase its hydro generation capacity.

INITIATING COVERAGE

RATING	BUY
PRICE	NZD10.53^
PRICE TARGET | % TO PT	NZD13.10 | +24%
52W HIGH-LOW	NZD11.74 - NZD9.72
FLOAT (%) | ADV MM (USD)	89.6% | 6.20
MARKET CAP	10.2B | $6.0B
TICKER	IFT NZ

^Prior trading day's closing price unless otherwise noted.

TICKER	IFT AU
PRICE	AUD9.65^
PRICE TARGET | % TO PT	AUD11.90 | +23%

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV*	NA	NA	+3%	NA
EPS	NA	NA	-100%	NA

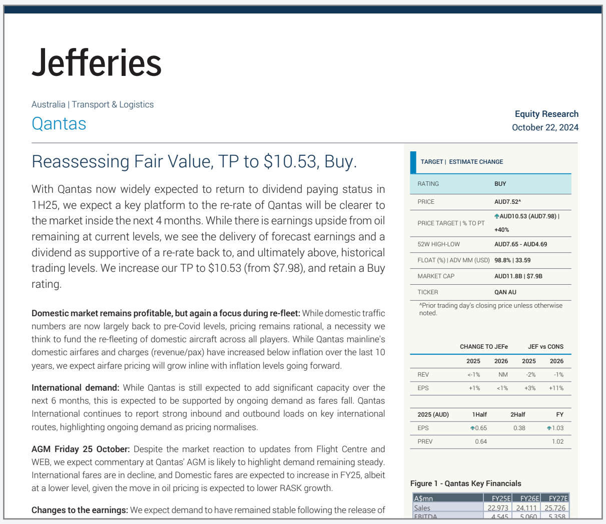
2025 (NZD)	1Half	2Half	FY
EPS	0.04	(0.17)	(0.13)
PREV			

*Rev. (MM)

Vote for **Anthony Moulder**

– Transport & Infrastructure

KEY REPORT
Australia | Transport & Logistics | Qantas
Reassessing Fair Value, TP to $10.53, Buy
22 October 2024



Jefferies

Australia | Transport & Logistics
Qantas

Equity Research
October 22, 2024

Reassessing Fair Value, TP to $10.53, Buy.

With Qantas now widely expected to return to dividend paying status in 1H25, we expect a key platform to the re-rate of Qantas will be clearer to the market inside the next 4 months. While there is earnings upside from oil remaining at current levels, we see the delivery of forecast earnings and a dividend as supportive of a re-rate back to, and ultimately above, historical trading levels. We increase our TP to $10.53 (from $7.98), and retain a Buy rating.

Domestic market remains profitable, but again a focus during re-fleet: While domestic traffic numbers are now largely back to pre-Covid levels, pricing remains rational, a necessity we think to fund the re-fleeting of domestic aircraft across all players. While Qantas mainline's domestic airfares and charges (revenue/pax) have increased below inflation over the last 10 years, we expect airfare pricing will grow inline with inflation levels going forward.

International demand: While Qantas is still expected to add significant capacity over the next 6 months, this is expected to be supported by ongoing demand as fares fall. Qantas International continues to report strong inbound and outbound loads on key international routes, highlighting ongoing demand as pricing normalises.

AGM Friday 25 October: Despite the market reaction to updates from Flight Centre and WEB, we expect commentary at Qantas' AGM is likely to highlight demand remaining steady. International fares are in decline, and Domestic fares are expected to increase in FY25, albeit at a lower level, given the move in oil pricing is expected to lower RASK growth.

Changes to the earnings: We expect demand to have remained stable following the release of

TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	AUD7.52^
PRICE TARGET | % TO PT	AUD10.53 (AUD7.98) | +40%
52W HIGH-LOW	AUD7.65 - AUD4.69
FLOAT (%) | ADV MM (USD)	98.8% | 33.59
MARKET CAP	AUD11.8B | $7.9B
TICKER	QAN AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV	<-1%	NM	-2%	-1%
EPS	+1%	<1%	+3%	+11%

2025 (AUD)	1Half	2Half	FY
EPS	0.65	0.38	1.03
PREV	0.64		1.02

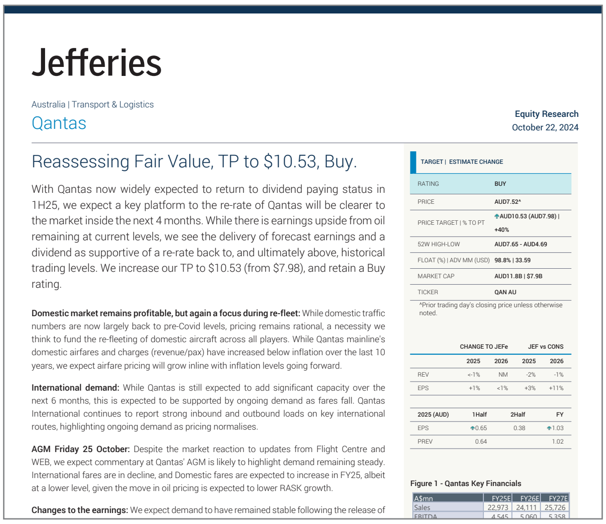
Figure 1 - Qantas Key Financials

A$mn	FY25E	FY26E	FY27E
Sales	22,973	24,111	25,726
EBITDA	4,545	5,060	5,358

Vote for **Amit Kanwatia**

– Transport & Infrastructure

KEY REPORT
Australia | Transport & Logistics | Qantas
Reassessing Fair Value, TP to $10.53, Buy
22 October 2024



Jefferies

Australia | Transport & Logistics
Qantas

Equity Research
October 22, 2024

Reassessing Fair Value, TP to $10.53, Buy.

With Qantas now widely expected to return to dividend paying status in 1H25, we expect a key platform to the re-rate of Qantas will be clearer to the market inside the next 4 months. While there is earnings upside from oil remaining at current levels, we see the delivery of forecast earnings and a dividend as supportive of a re-rate back to, and ultimately above, historical trading levels. We increase our TP to $10.53 (from $7.98), and retain a Buy rating.

Domestic market remains profitable, but again a focus during re-fleet: While domestic traffic numbers are now largely back to pre-Covid levels, pricing remains rational, a necessity we think to fund the re-fleeting of domestic aircraft across all players. While Qantas mainline's domestic airfares and charges (revenue/pax) have increased below inflation over the last 10 years, we expect airfare pricing will grow inline with inflation levels going forward.

International demand: While Qantas is still expected to add significant capacity over the next 6 months, this is expected to be supported by ongoing demand as fares fall. Qantas International continues to report strong inbound and outbound loads on key international routes, highlighting ongoing demand as pricing normalises.

AGM Friday 25 October: Despite the market reaction to updates from Flight Centre and WEB, we expect commentary at Qantas' AGM is likely to highlight demand remaining steady. International fares are in decline, and Domestic fares are expected to increase in FY25, albeit at a lower level, given the move in oil pricing is expected to lower RASK growth.

Changes to the earnings: We expect demand to have remained stable following the release of

TARGET | ESTIMATE CHANGE

RATING	BUY
PRICE	AUD7.52^
PRICE TARGET | % TO PT	AUD10.53 (AUD7.98) | +40%
52W HIGH-LOW	AUD7.65 - AUD4.69
FLOAT (%) | ADV MM (USD)	98.8% | 33.59
MARKET CAP	AUD11.8B | $7.9B
TICKER	QAN AU

^Prior trading day's closing price unless otherwise noted.

	CHANGE TO JEFe		JEF vs CONS	
	2025	2026	2025	2026
REV	<-1%	NM	-2%	-1%
EPS	+1%	<1%	+3%	+11%

2025 (AUD)	1Half	2Half	FY
EPS	0.65	0.38	1.03
PREV	0.64		1.02

Figure 1 - Qantas Key Financials

A$mn	FY25E	FY26E	FY27E
Sales	22,973	24,111	25,726
EBITDA	4,545	5,060	5,358

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