

Private Client Research

4 November 2019

Amcor

First-quarter FY20 result preview

Amcor (AMC) is scheduled to report its first-quarter FY20 result on Friday, 8 November and in this note Ord Minnett provides a summary of its expectations. We forecast EPS of 16c, although we note the company has not provided any guidance for the quarter or historical pro-forma quarterly financials.

We will watch for how the company is tracking versus its full-year guidance of 5–10% EPS growth on a constant-currency pro-forma basis, and any further divisional guidance commentary. An update on the Bemis integration process, along with cost and other benefits from previous period acquisitions, will also be in focus.

We believe Amcor is undervalued, and that its stable and well-diversified earnings stream is not being fully appreciated. Based on our estimates, Amcor is trading on a price-earnings (P/E) multiple of 15x, offering an EPS compound annual growth rate (CAGR) of 6% over the FY20–22 period, and a dividend yield of 5%. This is an attractive investment proposition, in our view.

We maintain our Accumulate recommendation on Amcor with a \$16.00 target price.

- **Currency** – We expect earnings to be hit by a currency headwind, due mainly to a weaker euro but also emerging market currencies, amounting to US\$11m in earnings before interest and tax (EBIT) in the first quarter and US\$26m in FY20. Interestingly, Amcor has suffered from currency movements in four of the past five financial years, with an average impact of US\$24m on net profit over the FY15–19 period.
- **Bemis** – We estimate Bemis will contribute revenue of US\$986m in 1Q20. At the operating earnings (EBITDA) level, we expect US\$167m before corporate costs and synergy benefits. We note the September quarter has historically been Bemis's strongest for earnings, averaging 27% of full year earnings over FY15–18.
- **Raw materials** – We don't factor in any impact from movements in raw materials prices in FY20, in line with guidance. However, there is a chance that Amcor has benefited as key benchmarks have moved lower and Dow Inc reported prices for its packaging and specialty products segment reduced in the September quarter.
- **North America beverage volumes** – PepsiCo reported a 1% decline in volumes for the September quarter. We expect a roughly flat outcome for Amcor's North America beverage unit.
- **FY20 EPS growth** – We will be interested in how Amcor is tracking towards its full-year earnings guidance. We forecast 7.5% EPS growth, with benefits from Bemis contributing 5% of this. Commentary on its acquisitions of Alusa and Sonoco in the previous period will also be of interest.
- **EPS revisions** – Our earnings changes are minimal and average -1% over the FY20–22 period, due mainly to higher interest charges.

Recommendation

Accumulate

Risk

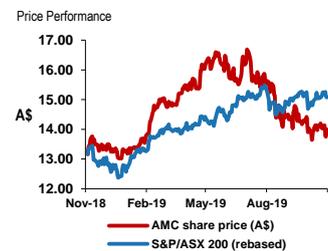
Medium

Target price

\$16.00

Last price

\$13.99



Price Performance

Company Data

Shares O/S (mn)	1,615
52-week range (\$)	16.74-12.83
Market cap (\$ mn)	15,529.73
Exchange rate	1.45
Free float(%)	-
3M - Avg daily vol (mn)	4.35
3M - Avg daily val (\$ mn)	43.5
Volatility (90 Day)	21
Index	ASX 100
BBG BUY HOLD SELL	5 4 2

Key Metrics (FYE Jun)

US\$ in millions	FY19A	FY20E	FY21E	FY22E
Financial Estimates				
Revenue	9,458	13,093	13,321	13,515
Adj. EBITDA	1,394	1,985	2,086	2,148
Adj. EBITA	1,075	1,533	1,633	1,693
NPATA	730	996	1,057	1,110
Adj. EPS (EPSA)	0.62	0.62	0.67	0.70
BBG EPS	0.60	0.62	0.69	-
Cashflow from operations	776	1,305	1,381	1,483
FCFF	904	1,466	1,157	1,180
Margins and Growth				
Revenue growth	1.5%	38.4%	1.7%	1.5%
EBITDA margin	14.7%	15.2%	15.7%	15.9%
EBITDA growth	0.3%	42.4%	5.1%	3.0%
EBITA Margin	11.4%	11.7%	12.3%	12.5%
Net margin	7.7%	7.6%	7.9%	8.2%
Adj. EPS growth	2.7%	0.9%	7.8%	5.0%
Ratios				
Adj. tax rate	16.7%	22.0%	22.0%	22.0%
Interest cover	7.3	8.0	7.8	8.2
Net debt/Equity	1.0	1.1	1.0	0.9
Net debt/EBITDA	3.9	2.8	2.5	2.4
ROCE	10.4%	10.4%	11.3%	11.7%
ROE	23.4%	18.5%	20.2%	20.5%
Valuation				
FCFF yield	7.9%	9.5%	7.6%	7.8%
Dividend yield	4.7%	5.0%	5.2%	5.4%
EV/EBITDA	15.9	11.2	10.2	9.8
Adj. P/E (EPSA)	15.6	15.5	14.3	13.7

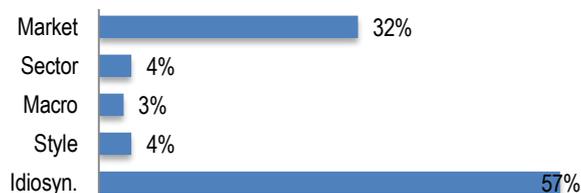
Summary Investment Thesis and Valuation
Investment Thesis

AMC is a global packaging manufacturer with two key divisions, Flexibles and Rigids. The Flexibles business has operations in North America, Europe and the Asia Pacific region, and participates in the defensive food, healthcare, home and personal and tobacco industries. The Rigids division is principally exposed to the beverage market in North and Latin America.

We believe AMC is undervalued and that its stable and well diversified earnings stream is not being fully appreciated. On our estimates, AMC is trading on a PE of 15x, offers EPS CAGR of 6% over FY20–22 and a dividend yield of 5%. This is an attractive investment proposition, in our view. Retain Accumulate.

Valuation

Our \$16.00 Dec-20 price target is calculated on an evenly weighted combination of our Jun-20 sum-of-the-parts (SoP), discounted cash flow (DCF) and relative multiple-based valuation methodologies.

Performance Drivers


Factors	6M Corr	1Y Corr
Market: MSCI Australia	0.41	0.54
Sect: Materials	0.25	0.25
Ind: Materials	0.18	0.11
Macro:		
#N/A	0.19	0.28
GS Australia FCI	0.11	0.20
#N/A	0.02	0.14
Quant Styles:		
LowVol	-0.24	-0.20
Growth	-0.11	-0.13
Momentum	-0.09	-0.11

Sources for: Performance Drivers – Bloomberg, Ord Minnett Quantitative and Derivatives Strategy; all other tables are company data and Ord Minnett estimates.

Flat conditions for North America Flexibles

To gauge market conditions for AMC's Flexibles division (28% of Group sales), we track sales/volume growth for a number of customers and competitor companies in the US – see Figure 1 and Figure 2. Of those that have reported Sep-19 quarter results so far, activity levels appear to be broadly flat.

Figure 1: US customers volume growth YoY

US Food/Consumer Customers	Metric	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Kraft Heinz (USA)	Volume growth	-0.8%	-1.7%	-4.1%	-2.3%	3.8%	3.9%	-2.0%	1.0%	-3.1%
Mondelez (North America)	Organic vol/mix	0.7%	0.1%	-1.3%	5.1%	-3.2%	-2.1%	-1.5%	-1.0%	0.6%
Hershey (North America)	Volume	1.6%	-1.6%	1.8%	1.0%	0.9%	0.8%	1.4%	-0.5%	-0.2%
Pepsi-Co (Frito-Lay North America)	Organic volume	1.0%	3.0%	1.0%	2.0%	1.0%	0.0%	2.0%	0.0%	1.5%
General Mills (North America Retail)	Organic volume	-3.0%	1.0%	1.0%	-2.0%	-2.0%	-4.0%	-2.0%	0.0%	-1.0%
Hormel Foods (Refridgerated Foods) - Volume		-5.0%	-0.5%	-1.1%	-2.1%	-2.0%	-1.4%	0.0%	-1.0%	
Average		-0.1%	0.7%	0.4%	0.8%	0.4%	0.0%	0.0%	0.4%	-0.4%

Source: Company reports.

Figure 2: US competitors volume/sales growth YoY

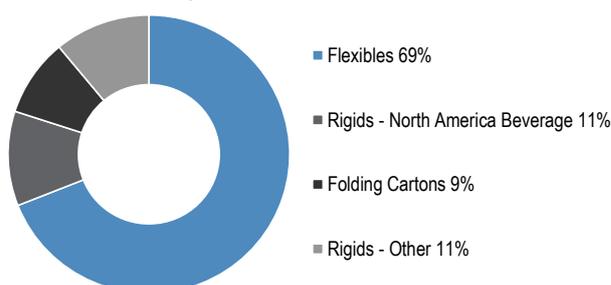
US Packaging Comps	Metric	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Sealed Air	Organic Volume Growth	7.0%	6.0%	2.0%	-2.0%	-1.0%	2.0%	-2.0%	2.0%	
Sonoco (Consumer Packaging)	Net sales growth								0.6%	-3.1%
Berry (Consumer Packaging NA)	Volumes	-3.0%	-1.0%	-1.0%	4.0%	2.0%	3.0%	3.0%	3.0%	
Silgan Holdings (Plastic Containers)	Organic Volume Growth	3.0%	4.0%	5.0%	4.0%	3.0%	4.0%	2.0%	1.0%	3.0%
Average		2.3%	3.0%	2.0%	2.0%	1.3%	3.0%	1.0%	1.7%	-0.1%

Source: Company reports.

PEP volumes -1% in Sep quarter; still cautious on Rigids

We remain cautious on AMC's North America beverage business and don't factor in volume growth over our forecast horizon (growth in hot fill offset by declines in cold fill), while AMC's management team believes trend growth for the PET format in North America is c.2% going forward. AMC's Rigids business now represents a smaller part of the Group, post the Bemis acquisition – see Figure 3.

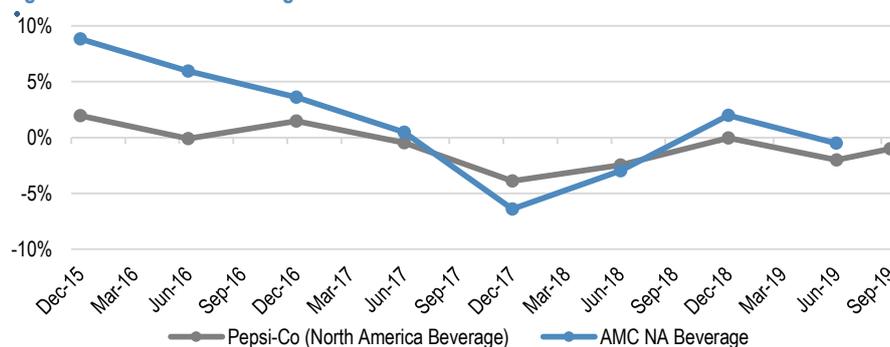
Figure 3: AMC revenue exposure



Source: Company reports, Ord Minnett

We provide a review of PepsiCo's (PEP US) 3Q19 result reported earlier this month. PEP is AMC's largest customer, representing c.5-10% of group pro-forma revenue. PEP's Beverage North America division (PBNA) provides a good read-through for AMC's beverage volumes. PBNA volumes were down 1% vs. the pcp in 3Q – see Figure 4 – but pricing grew 3%. Encouragingly however, the team emphasised on the result call that it is 'very happy' with Gatorade performance, with the brand achieving mid-single digit revenue growth – Gatorade represents higher-margin hot fill business for AMC. PEP continues to invest in the functional beverage category (e.g. Gatorade Zero, Bolt24), and acknowledges that the success of the beverage business going forward will be driven by the non-carbonated portfolio.

Figure 4: AMC vs PEP beverage volumes YoY

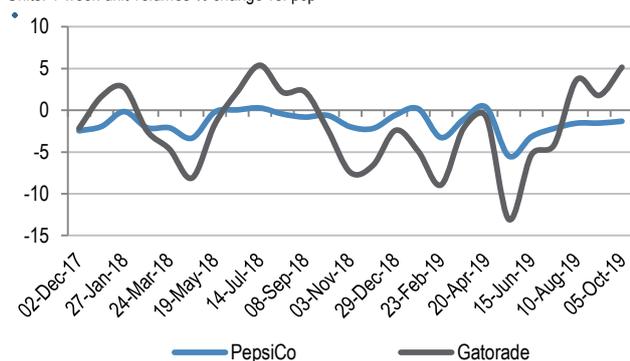


Source: Company reports, Ord Minnett

Nielsen data confirms this trend with PepsiCo total volumes over the 4 weeks to 5 Oct-19 declining 1.3% vs. the pcp (2-year stack -1%), while Gatorade volumes were strong (+5.2% vs. the pcp) – see Figure 5. The broader North America PET container market performed better with unit volumes rising 2.0% (2-year stack is roughly +1%) – see Figure 6.

Figure 5: PepsiCo and Gatorade volumes in the US

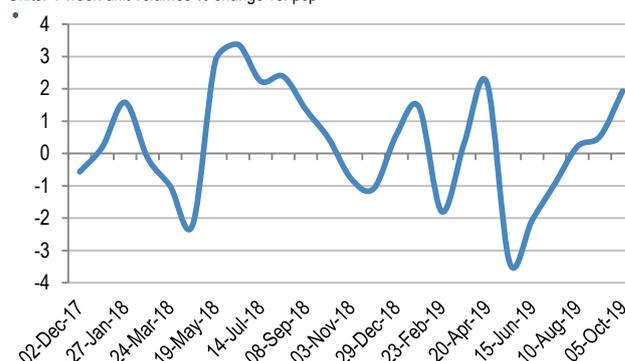
Units: 4-week unit volumes % change vs. pcp



Source: The Nielsen Company, Ord Minnett

Figure 6: Total US beverage volumes

Units: 4-week unit volumes % change vs. pcp



Source: The Nielsen Company, Ord Minnett

AMC not expecting a benefit from raw materials in FY20

At the FY19 result management noted that it does not expect to see any further benefit from raw materials pass through in FY20; this was disappointing to us given the US\$40-50m headwind incurred in FY18 has not been fully recovered to date. Below we provide an update on input prices, including resins, aluminium, oil and gas. In recent months, we have seen key resin benchmarks increase in North America but move lower in Europe and Asia.

Table 1: Raw material price movements relevant for AMC

Input	UNITS	Last	Spot vs Jun-19 Q	Spot vs FY19	FY19 vs FY18
Resins					
North America					
LLDPE	US\$/t	911	19.3%	9.3%	-8.5%
LDPE	US\$/t	970	21.0%	10.1%	-8.8%
HDPE	US\$/t	873	23.9%	11.3%	-10.1%
PP	US\$/t	1,083	3.4%	-13.6%	-4.2%
Europe					
LLDPE	US\$/t	1,250	-8.0%	-11.1%	-1.2%
LDPE	US\$/t	1,338	-8.0%	-11.1%	-1.6%
HDPE	US\$/t	1,242	-8.2%	-11.2%	-1.8%
PP	US\$/t	1,203	-11.9%	-14.2%	6.1%
PVC	US\$/t	688	-6.8%	-10.9%	-4.8%
Asia					
LLDPE	US\$/t	860	-11.7%	-17.4%	-10.7%
LDPE	US\$/t	930	-9.0%	-12.3%	-11.6%
HDPE	US\$/t	910	-13.3%	-21.1%	-10.8%
PP	US\$/t	1,023	-5.0%	-9.4%	-3.6%
Resin avg			-1.1%	-7.8%	-5.5%
Aluminium	US\$/t	1,709	-3.9%	-10.7%	-10.1%
Brent	US\$/barrel	58	-12.1%	-13.7%	3.5%
Henry Hub	US\$/mmbtu	2.3	-10.2%	-24.7%	1.9%

Source: IHS Markit, Bloomberg, Ord Minnett

Earnings changes and result preview

Our earnings changes are immaterial but largely relate to higher interest expense.

Table 2: Earnings forecast changes

Financial year	Unit	FY20E	FY21E	FY22E	3yr avg
Revenue					
New	US\$m	13,093	13,321	13,515	
Old	US\$m	13,033	13,214	13,398	
<i>Difference %</i>	%	<i>0.5%</i>	<i>0.8%</i>	<i>0.9%</i>	<i>0.7%</i>
EBITA					
New	US\$m	1,533	1,633	1,693	
Old	US\$m	1,527	1,625	1,680	
<i>Difference %</i>	%	<i>0.5%</i>	<i>0.5%</i>	<i>0.7%</i>	<i>0.6%</i>
NPATA (pre-significant items)					
New	US\$m	996	1,057	1,110	
Old	US\$m	1,003	1,077	1,125	
<i>Difference %</i>	%	<i>-0.7%</i>	<i>-1.9%</i>	<i>-1.3%</i>	<i>-1.3%</i>
EPSA (pre-significant items)					
New	¢ps	62.3	67.2	70.5	
Old	¢ps	62.8	68.5	71.5	
<i>Difference %</i>	%	<i>-0.7%</i>	<i>-1.9%</i>	<i>-1.3%</i>	<i>-1.3%</i>
DPS					
New	¢ps	48.0	50.0	52.0	
Old	¢ps	46.5	47.5	50.0	
<i>Difference %</i>	%	<i>3.2%</i>	<i>5.3%</i>	<i>4.0%</i>	<i>4.2%</i>

Source: Ord Minnett estimates

Table 3 details our earnings forecasts for 1Q20. Note that management has not provided any guidance for the quarter or pro-forma historical figures.

Table 3: 1QFY20 result preview

Period ending September	UNITS	1Q20E
REVENUE		
Flexibles	US\$m	2,553.5
Rigid Plastics	US\$m	713.2
Investments / Other	US\$m	-
Group Revenue	US\$m	3,266.7
EBITDA		
Flexibles	US\$m	426.8
Rigid Plastics	US\$m	109.1
Investments / Other	US\$m	-34.6
Group EBITDA	US\$m	501.3
<i>EBITDA Margin</i>	%	15.3%
D&A	US\$m	-113
EBITA		
Flexibles	US\$m	345.4
Rigid Plastics	US\$m	79.7
Investments / Other	US\$m	-36.8
Group EBITA	US\$m	388.4
<i>EBITA Margin</i>	%	11.9%
Net Interest Expense	US\$m	-56.7
Tax	US\$m	-73.0
Non-controlling Interest	US\$m	-1.8
Underlying NPAT	US\$m	256.9
EPSA (pre-significant items)	¢ps	15.9
DPS	¢ps	12.0
KEY METRICS		
<i>Implied Tax Rate</i>	%	22.0%
<i>Payout Ratio</i>	%	75.2%

Source: Ord Minnett estimates

Investment Thesis, Valuation and Risks

Amcor (*Accumulate; Price Target: \$16.00*)

Investment Thesis

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We believe AMC is undervalued and that its stable and well diversified earnings stream is not being fully appreciated. On our estimates, AMC is trading on a PE of 15x, offers EPS CAGR of 6% over FY20–22 and a dividend yield of 5%. This is an attractive investment proposition, in our view. Retain Accumulate.

Valuation

Our \$16.00 Dec-20 price target is calculated on an evenly weighted combination of our Jun-20 sum-of-the-parts (SoP) DCF and relative multiple based valuation methodologies. We calculate our SoP valuation based on the individual cash flow streams of each of the discrete business segments. We separately value corporate costs, capital expenditure, working capital and provisions. Our current post-tax WACC applied to our SoP and DCF valuations is 7.8%.

AMC DCF-based SoP valuation

Segment	Valuation methodology / Comment	US\$m	US\$/share	\$/share
Flexibles	DCF-based valuation (ex. Changes in working capital and provisions)	21,924	13.93	20.12
Rigids	DCF-based valuation (ex. Changes in working capital and provisions)	5,362	3.41	4.92
Investments and Other	DCF-based valuation (ex. Changes in working capital and provisions)	-2,167	-1.38	-1.99
AMVIG	AMC 47.6% share of AMVIG market cap in US\$	125	0.08	0.11
Less: Corp, WC, Corp Capex	DCF-based valuation of unallocated Corp O-heads, WC, Corp Capex	-2,339	-1.49	-2.15
Enterprise Value		22,906	14.56	21.02
Less: Net Debt	Group net debt as at: FY20E	-5,501	-3.50	-5.05
Less: Provisions	Group provisions as at year-end: FY20E	-378	-0.24	-0.35
Equity Value	Group SoP valuation	17,026	10.82	15.63

Source: Ord Minnett estimates.

Risks to Rating and Price Target

Downside risks to our Accumulate rating and price target include: 1) appreciation of the AUD/USD and AUD/EUR, resulting in lower \$ valuation, 2) worsening economic conditions across key markets, resulting in weaker demand for packaging products, 3) an increase in input prices and inability to pass-through, and 4) an increase in the market power of the customer base as a result of consolidation.

Further catalysts include: 1) depreciation of the AUD/USD and AUD/EUR, resulting in higher \$ valuation, 2) improved economic conditions across key markets resulting in stronger demand for packaging products, 3) a decrease in the market power of the customer base and 4) greater-than-expected reinvestment in acquisitions at low multiples, enabling synergy realisation and driving EPS accretion.

Private Client Research

Amcor: Summary of Financials

Income Statement						Cash Flow Statement					
	FY18A	FY19A	FY20E	FY21E	FY22E	FY18A	FY19A	FY20E	FY21E	FY22E	
Revenue	9,319	9,458	13,093	13,321	13,515	Cash flow from operating activities	871	776	1,305	1,381	1,483
Adj. EBITDA	1,390	1,394	1,985	2,086	2,148	o/w Depreciation & amortization	333	319	452	453	456
D&A	(333)	(319)	(452)	(453)	(456)	o/w Changes in working capital	(774)	(638)	(2)	(29)	(22)
Adj. EBITA	1,056	1,075	1,533	1,633	1,693	Cash flow from investing activities	(241)	10	(32)	(433)	(507)
Net Interest	(197)	(191)	(247)	(269)	(261)	o/w Capital expenditure	(365)	(332)	(426)	(433)	(507)
Adj. PBT	860	884	1,286	1,364	1,432	as % of sales	3.9%	3.5%	3.3%	3.3%	3.8%
Tax	(151)	(148)	(283)	(300)	(315)	Cash flow from financing activities	(543)	(765)	(1,274)	(948)	(976)
Minority Interest	(11)	(7)	(7)	(7)	(7)	o/w Dividends paid	(527)	(680)	(781)	(755)	(818)
NPATA	697	730	996	1,057	1,110	o/w Shares issued/(repurchased)	(11)	(9)	(500)	0	0
Reported EPS	0.51	0.39	0.57	0.65	0.70	o/w Net debt issued/(repaid)	(121)	(437)	8	(193)	(158)
Adj. EPS (EPSA)	0.60	0.62	0.62	0.67	0.70	Net change in cash	88	21	(0)	0	0
DPS	0.45	0.46	0.48	0.50	0.52	Adj. Free cash flow to firm	(0)	904	1,466	1,157	1,180
Payout ratio	87.9%	116.8%	83.7%	77.4%	73.9%	y/y Growth	6.7%	12.2%	62.2%	(21.1%)	1.9%
Shares outstanding	1,162	1,184	1,602	1,577	1,577	Ratio Analysis	FY18A	FY19A	FY20E	FY21E	FY22E
Segmental Earnings	FY18A	FY19A	FY20E	FY21E	FY22E	Gross margin	-	-	-	-	-
Flexibles Revenue	6,535	6,567	10,161	10,348	10,498	EBITDA margin	14.9%	14.7%	15.2%	15.7%	15.9%
EBIT	801	817	1,348	1,437	1,491	EBITA margin	11.3%	11.4%	11.7%	12.3%	12.5%
Rigid Plastics Revenue	2,788	2,893	2,932	2,973	3,018	Net profit margin	7.5%	7.7%	7.6%	7.9%	8.2%
EBIT	298	308	332	343	350	ROE	97.8%	23.4%	18.5%	20.2%	20.5%
Investments / Other Revenue						ROA	7.7%	5.6%	5.9%	6.3%	6.6%
EBIT	(43)	(50)	(147)	(147)	(148)	ROCE	16.0%	10.4%	10.4%	11.3%	11.7%
Balance Sheet	FY18A	FY19A	FY20E	FY21E	FY22E	ROIC	20.4%	8.8%	13.0%	13.8%	14.2%
Cash and cash equivalents	621	602	602	602	602	SG&A/Sales	-	-	-	-	-
Accounts receivable	1,379	1,864	1,856	1,890	1,916	Net debt/Equity	6.1	1.0	1.1	1.0	0.9
Inventories	1,359	1,954	2,007	2,031	2,054	Net debt/EBITDA	3.0	3.9	2.8	2.5	2.4
Other current assets	262	790	790	790	790	Sales/Assets (x)	1.0	0.7	0.8	0.8	0.8
Current assets	3,620	5,210	5,255	5,313	5,361	Assets/Equity (x)	12.7	4.2	3.2	3.2	3.1
PP&E	2,699	3,975	3,555	3,535	3,586	Interest cover (x)	7.1	7.3	8.0	7.8	8.2
LT investments	116	99	99	99	99	Operating leverage	(89.2%)	120.5%	110.8%	373.2%	249.4%
Other non current assets	2,622	7,881	7,881	7,881	7,881	Tax rate	17.5%	16.7%	22.0%	22.0%	22.0%
Total assets	9,058	17,165	16,790	16,827	16,927	Revenue y/y Growth	2.4%	1.5%	38.4%	1.7%	1.5%
Short term borrowings	2,158	794	794	794	794	EBITDA y/y Growth	(1.7%)	0.3%	42.4%	5.1%	3.0%
Payables	1,861	2,303	2,347	2,375	2,401	EPS y/y Growth	0.1%	2.7%	0.9%	7.8%	5.0%
Other short term liabilities	1,036	1,444	1,444	1,444	1,444	Valuation	FY18A	FY19A	FY20E	FY21E	FY22E
Current liabilities	5,055	4,542	4,585	4,613	4,640	Adj. P/E (EPSA) (x)	16.0	15.6	15.5	14.3	13.7
Long-term debt	2,690	5,309	5,317	5,124	4,966	P/BV (x)	16.0	2.8	2.9	2.8	2.7
Other long term liabilities	617	1,640	1,668	1,698	1,729	EV/EBITDA (x)	12.9	15.9	11.2	10.2	9.8
Total liabilities	8,362	11,490	11,570	11,435	11,335	Dividend Yield	4.7%	4.7%	5.0%	5.2%	5.4%
Shareholders' equity	627	5,609	5,155	5,326	5,526	FX	FY18A	FY19A	FY20E	FY21E	FY22E
Minority interests	69	66	66	66	66	USDAUD	1.28	1.38	1.36	1.45	1.45
Total liabilities & equity	9,058	17,165	16,790	16,827	16,927	USDEUR	0.84	0.88	0.85	0.88	0.88
BVPS	0.60	3.50	3.32	3.43	3.55						
y/y Growth	(20.0%)	482.1%	(5.1%)	3.3%	3.7%						
Net debt/(cash)	4,228	5,502	5,509	5,317	5,159						

Source: Company reports and Ord Minnett estimates.

Note: \$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which

Please contact your Ord Minnett Adviser for further information on our document.

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.

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