

**Analyst**

David Coates 612 8224 2887

**Authorisation**

Regan Burrows 618 9326 7677

## Fortescue Metals Group (FMG)

### Iron ore price to lift FY23 earnings

**Recommendation**

**Sell** (unchanged)

**Price**

**\$22.18**

**Target (12 months)**

**\$15.16** (previously \$14.45)

**GICS Sector**

**Materials**

**Expected Return**

Capital growth	-31.7%
Dividend yield	6.6%
Total expected return	-25.1%

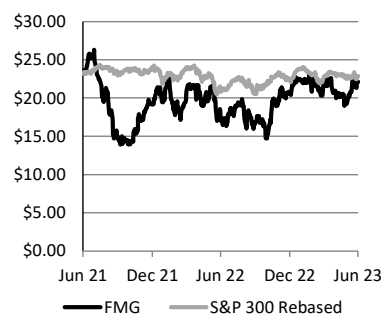
**Company Data & Ratios**

Enterprise value	<b>\$71,425m</b>
Market cap	<b>\$68,291m</b>
Issued capital	<b>3,079m</b>
Free float	<b>54%</b>
Avg. daily val. (52wk)	<b>\$171.3m</b>
12 month price range	<b>\$14.50-\$23.325</b>

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	19.86	20.32	17.88
Absolute (%)	11.5	9.0	23.8
Rel market (%)	11.7	5.5	16.8

**Absolute Price**



SOURCE: IRESS

### Iron ore price higher for longer

We have reviewed our earnings forecasts for FMG in light of higher-than-forecast iron ore prices, which we increase by 4% for FY23 on a marked-to-market basis. We also further tighten our price realisation discounts due to good demand in the market for mid-grade iron ore products and an increasing contribution from Iron Bridge, which produces a high grade magnetite concentrate. Seaborne iron ore prices have been stronger in response to Chinese Government stimulus including certain interest rate cuts and less restrictive housing policies. However, downstream demand continues to remain weak and as a result market sentiment is mixed. Reflecting this, we have lifted our short term iron ore price assumptions but our medium and longer term price forecasts remain unchanged on a steadily declining trajectory towards US\$90/t nominal (US\$82/t real) in FY25.

### Iron Bridge into the mix

We also reduce the risk adjustment discount that we apply to the Iron Bridge Magnetite Project (FMG 69% ownership) which commenced production earlier in the June 2023 quarter and is currently ramping up production to a nameplate run-rate of ~22Mtpa of ~67% Fe grade magnetite concentrate. As this high grade production ramps up we expect it to provide FMG with both marketing and strategic optionality, enabling it to maximise value over its entire iron ore product suite.

### Investment thesis – Sell TP\$15.16/sh (Sell TP\$14.45/sh)

EPS changes in this report are: FY23 +16%, FY24 +1%, FY25 +0%. Our NPV-based valuation increases 5% to \$15.16/sh on our 4% higher FY23 iron ore price and de-risked valuation for Iron Bridge. While operations continue to perform at the top end of expectations, a forecast decline in iron ore prices, earnings and dividends combined with the uncertainty over capital allocation and investment returns for both FFI and the Belinga project in Gabon, causes us to see limited upside from the current share price. We retain our Sell recommendation.

**Earnings Forecast**

Year ending 30 Jun	2022a	2023e	2024e	2025e
Sales (US\$m)	17,390	17,295	14,022	13,169
EBITDA (US\$m)	10,528	9,677	5,899	5,003
NPAT (reported) (US\$m)	6,197	5,558	2,833	2,136
NPAT (adjusted) (US\$m)	6,197	5,558	2,833	2,136
EPS (adjusted) (UScps)	201	181	92	69
EPS growth (%)	-40%	-10%	-49%	-25%
EPS (adjusted) (Acps)	277	269	132	99
PER (x)	8.0	8.2	16.8	22.4
EV/EBITDA (x)	4.6	5.0	8.2	9.7
Dividend (Acps)	207	174	87	75
Yield (%)	9.3%	7.8%	3.9%	3.4%
Franking (%)	100%	100%	100%	100%
ROE (%)	36%	30%	15%	11%

SOURCE: BELL POTTER SECURITIES ESTIMATES

## Changes to our forecasts

With this update we have made the following changes to our modelled assumptions:

- Updated for higher iron ore prices and tighter discounts for FMG's realised prices relative to iron ore benchmark prices;
- Marked-to-market our current iron ore price assumptions and incorporated our latest iron ore price and foreign exchange rate forecasts;
- Reduced our risk adjustment discount for the Iron Bridge Magnetite Project, which has commenced production; and
- Updated for FMG's last reported cash position and capital structure, including the redemption of US\$750m @ 5.125% Senior Unsecured Notes, previously due May 2024.

The net changes to our forecasts are summarised in the table below:

**Table 1 - Changes to earnings and valuation estimates**

Year ending 30 June 30	Previous			New			Change		
	Jun-23	Jun-24	Jun-25	Jun-23	Jun-24	Jun-25	Jun-23	Jun-24	Jun-25
Iron ore (Fines) CFR @ 62% Fe	104	93	90	108	93	90	4%	0%	0%
AUD/USD	0.67	0.70	0.70	0.67	0.70	0.70	0%	0%	0%
Total production (Mt wet)	192.4	200.0	208.0	191.7	200.0	208.0	0%	0%	0%
Costs C1 (US\$/t)	17.51	17.79	18.48	17.81	17.79	18.48	2%	0%	0%
Revenue (US\$m)	16,127	14,022	13,169	17,295	14,022	13,169	7%	0%	0%
EBITDA (US\$m)	8,622	5,899	5,003	9,677	5,899	5,003	12%	0%	0%
NPAT (adjusted) (US\$m)	4,794	2,808	2,135	5,558	2,833	2,136	16%	1%	0%
Adjusted EPS (Ac/sh)	232	131	99	269	132	99	16%	1%	0%
PER (x)	9.5	16.9	22.4	8.2	16.8	22.4	(1.3)	(0.2)	(0.0)
DPS (Ac/sh)	150	87	75	174	87	75	16%	0%	0%
Yield (%)	6.8%	3.9%	3.4%	7.8%	3.9%	3.4%	1.1%	0.0%	0.0%
Net debt (cash) (\$m)	2,115	2,626	2,726	1,549	2,482	2,581	-27%	-5%	-5%
ND / (ND + E) (%)	11%	13%	13%	8%	12%	12%	-3%	-1%	-1%
Valuation (\$/sh)		14.45			15.16				5%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

FY23 US\$ earnings and A\$ EPS are both up 16% on higher iron ore prices and improved price realisation discounts. For FY24 and FY25 A\$ EPS are effectively unchanged. Our NPV-based valuation is up 5%, from \$14.45/sh to \$15.16/sh on the improved FY23 outlook and reduced valuation discount for the Iron Bridge project. Dividend yields remain meaningful but are forecast to decline and continue to fade as a factor supporting the share price, particularly at these levels.

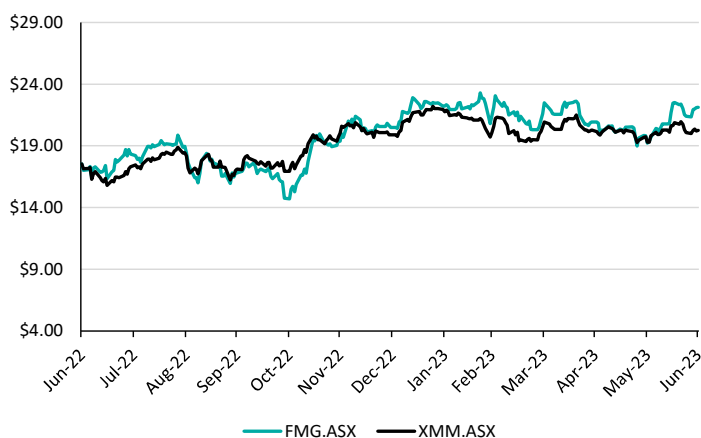
## Upcoming catalysts

Key near term catalysts for FMG include:

- Updates on the operating cost environment being experienced by FMG as CY23 progresses;
- Updates on production ramp-up and first magnetite concentrate sales from the Iron Bridge Project;
- Development updates and disclosure of likely operating parameters for the Belinga Project in Gabon, where first shipments are targeted by end CY23;
- The maintenance of high price realisations for FMG's iron ore product suite and market developments in China, where the lifting of COVID restrictions are supporting the short-term steel demand outlook;
- The June quarter 2023 report, scheduled for release on 27 July 2023; and
- The announcement of Final Investment Decisions on five (5) of FFI's projects by the end of CY23 and which projects they will be.

## FMG vs the ASX Metals and Mining Index

Figure 1 - FMG relative share price performance vs ASX Metals and Mining Index (XMM)



SOURCE: IRESS

# Fortescue Metals Group Ltd (FMG)

## Company description: Iron ore major in the Pilbara, WA

FMG is an independent iron ore producer in the Pilbara region of Western Australia. The company is currently achieving its targeted ~187-192Mtpa production rate for FY23, following ten years of development and expansion. It has successfully reduced its debt and built a strong balance sheet. FMG is now targeting the production of a +60% Fe product and has become more active in exploration for other commodities.

## Investment thesis – Sell TP\$15.16/sh (Sell TP\$14.45/sh)

EPS changes in this report are: FY23 +16%, FY24 +1%, FY25 +0%. Our NPV-based valuation increases 5% to \$15.16/sh on our 4% higher FY23 iron ore price and de-risked valuation for Iron Bridge. While operations continue to perform at the top end of expectations, a forecast decline in iron ore prices, earnings and dividends combined with the uncertainty over capital allocation and investment returns for both FFI and the Belinga project in Gabon, causes us to see limited upside from the current share price. We retain our Sell recommendation.

## Valuation: \$15.16/sh

Our FMG valuation incorporates DCF models of FMG's Chichester and Solomon production hubs, including future production from the Eliwana and Iron Bridge projects. We also make an estimate of exploration/expansion upside and an estimate of corporate overhead costs, including FFI's operating costs and capital expenditure guidance. We calculate a 12-month forward, NPV-based valuation for FMG of \$15.16/sh on this basis.

**Table 2 – FMG sum-of-the-parts valuation**

Sum-of-the-parts (+12 month Target Price)	\$m	\$/sh
Iron ore operations (DCF)	50,408	16.29
Exploration (estimate)	2,016	0.65
Corporate (DCF)	(4,323)	(1.40)
<b>Subtotal</b>	<b>48,101</b>	<b>15.55</b>
Net debt (cash)	1,210	0.39
<b>Total (diluted)</b>	<b>46,891</b>	<b>15.16</b>

SOURCE: BELL POTTER ESTIMATES

# Resource sector risks

Risks to resources sector equities such as FMG include, but are not limited to:

- **Funding and capital management risks:** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments. Exploration and development companies with no sales revenues are reliant on access to equity markets and debt financing to fund the advancement and development of their projects.
- **Operating and development risks:** Mining companies' assets are subject to risks associated with their operation and development. Risks for each company can be heightened depending on method of operation (e.g. underground versus open pit mining) or whether it is a single mine company. Development of mining assets may be subject to receiving permits, approvals timelines or weather events, causing delays to commissioning and commercial production.
- **COVID-19 risks:** Mining companies' rely on freedom of movement of workforces, functioning transport routes, reliable logistics services including road, rail, aviation and ports in order to maintain operations and get their products to market. They also rely on liquid, functioning markets to sell their products. Measures being put in place to combat the COVID-19 pandemic are posing risks to these conditions.
- **Operating and capital cost fluctuations:** The cost and availability of exploration, development and mining inputs can fluctuate widely and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to energy and labour costs as well as access to, and availability of, technical skills, operating equipment and consumables.
- **Commodity price and exchange rate fluctuations:** The future earnings and valuations of exploration, development and producing Resources companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Resource growth and mine life extensions:** The viability of future operations and the earnings forecasts and valuations reliant upon them may depend upon resource and reserve growth to extend mine lives, which is in turn dependent upon exploration success, of which there are no guarantees.
- **Regulatory changes risks:** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuation of mining companies. NIC's assets are located in Sulawesi, Indonesia, which has in the past implemented regulatory changes related to mining project ownership, fiscal terms and mineral export requirements.
- **Sovereign risks:** Mining companies' assets are subject to the sovereign risks of the jurisdiction within which they are operating. NIC's assets are in Indonesia, a G20 country with one of the largest economies in SE Asia. Its sovereign debt is rated investment grade by the major ratings agencies.
- **Corporate/M&A risks:** Risks associated with M&A activity including differences between the entity's and the market's perception of value associated with completed transactions.

Table 3 - Financial summary

PROFIT AND LOSS							FINANCIAL RATIOS						
Year ending 30 Jun	Unit	2021a	2022a	2023e	2024e	2025e	Year ending 30 Jun	Unit	2021a	2022a	2023e	2024e	2025e
Revenue	US\$m	22,284	17,390	17,295	14,022	13,169	<b>VALUATION</b>						
Expense	US\$m	(5,972)	(6,862)	(7,618)	(8,123)	(8,166)	NPAT (adjusted)	US\$m	10,497	6,197	5,558	2,833	2,136
<b>EBITDA</b>	US\$m	<b>16,312</b>	<b>10,528</b>	<b>9,677</b>	<b>5,899</b>	<b>5,003</b>	Adjusted EPS	US\$/sh	335	201	181	92	69
Depreciation	US\$m	(1,366)	(1,528)	(1,656)	(1,727)	(1,796)	EPS growth	%	117%	-40%	-10%	-49%	-25%
EBIT	US\$m	14,946	9,000	8,021	4,172	3,207	Adjusted EPS	Ac/sh	448	277	269	132	99
Net interest expense	US\$m	(224)	(154)	(193)	(237)	(241)	EPS growth	%	95%	-38%	-3%	-51%	-25%
<b>PBT</b>	US\$m	<b>14,722</b>	<b>8,846</b>	<b>7,829</b>	<b>3,935</b>	<b>2,966</b>	PER	x	5.0x	8.0x	8.2x	16.8x	22.4x
Tax expense	US\$m	(4,427)	(2,649)	(2,271)	(1,102)	(831)	DPS	Ac/sh	358	207	174	87	75
<b>NPAT (reported)</b>	US\$m	<b>10,295</b>	<b>6,197</b>	<b>5,558</b>	<b>2,833</b>	<b>2,136</b>	Franking	%	100%	100%	100%	100%	100%
Abnormal items	US\$m	202	-	-	-	-	Yield	%	16%	9%	8%	4%	3%
<b>NPAT (adjusted)</b>	US\$m	<b>10,497</b>	<b>6,197</b>	<b>5,558</b>	<b>2,833</b>	<b>2,136</b>	FCF/share	US\$/sh	291	116	119	68	50
							FCF/share	Ac/sh	390	160	177	99	71
							FCF yield	%	18%	7%	8%	4%	3%
							EV/EBITDA	x	3.0x	4.6x	5.0x	8.2x	9.7x
							EBITDA margin	%	73%	61%	56%	42%	38%
							EBIT margin	%	67%	52%	46%	30%	24%
							Return on assets	%	36%	22%	20%	10%	7%
							Return on equity	%	58%	36%	30%	15%	11%
							<b>LIQUIDITY &amp; LEVERAGE</b>						
							Net debt (cash)	US\$m	(2,678)	879	1,549	2,482	2,581
							ND / E	%	-15%	5%	8%	13%	14%
							ND / (ND + E)	%	-18%	5%	8%	12%	12%
							ND / EBITDA	x	-0.2x	0.1x	0.2x	0.4x	0.5x
							EBITDA/Interest	x	72.8	68.4	50.2	24.9	20.8
							<b>ASSUMPTIONS - Prices</b>						
							Year ending 30 Jun	Unit	2021a	2022a	2023e	2024e	2025e
							Iron ore (Fines) CFR @ 62% Fe	US\$/dmt	155	138	108	93	90
							AUD/USD	US\$/A\$	0.75	0.73	0.67	0.70	0.70
							<b>ASSUMPTIONS - Production</b>						
							Year ending 30 Jun	Unit	2021a	2022a	2023e	2024e	2025e
							Sales (FMG equity)	Mwt	182.2	189.0	191.7	200.0	208.0
							Third party	Mwt	-	-	-	-	-
							Sales (total)	Mwt	182.2	189.0	191.7	200.0	208.0
							62% Fe index price (real)	US\$/dt	155	138	109	86	82
							FMG realised price CFR	US\$/dt	135	100	95	76	72
							Realised price discount	%	-13%	-28%	-13%	-12%	-12%
							<b>Costs C1 (excl. royalty)</b>	US\$/wt	<b>13.84</b>	<b>15.91</b>	<b>17.81</b>	<b>17.79</b>	<b>18.48</b>
							Shipping	US\$/wt	7.32	10.46	9.43	9.81	8.54
							Royalties	US\$/wt	8.56	5.98	5.90	4.99	4.50
							Other	US\$/wt	0.18	0.30	0.60	0.62	0.63
							<b>Cost of sales</b>	US\$/wt	<b>29.90</b>	<b>32.64</b>	<b>33.74</b>	<b>33.22</b>	<b>32.14</b>
							Interest	US\$/wt	1.19	1.13	1.64	1.31	1.26
							Capex (sustaining)	US\$/wt	19.91	16.24	11.08	6.00	5.50
							<b>Total all-in cost</b>	US\$/wt	<b>50.99</b>	<b>50.02</b>	<b>46.46</b>	<b>40.53</b>	<b>38.90</b>
							<b>Total all-in cost (@ 8% moist)</b>	US\$/dt	<b>55</b>	<b>54</b>	<b>51</b>	<b>44</b>	<b>42</b>
							<b>Total all-in cost (62% Fe eq.)</b>	US\$/dt	<b>62</b>	<b>69</b>	<b>57</b>	<b>49</b>	<b>47</b>
							<b>VALUATION</b>						
							<b>Issued capital</b>						
							Shares on issue m						3,079
							Options (in the money) m						15
							<b>Total m</b>						<b>3,094</b>
								<b>Current</b>	<b>+12 months</b>	<b>+24 months</b>			
							<b>Sum of parts valuation</b>	<b>A\$m</b>	<b>\$/sh</b>	<b>A\$m</b>	<b>\$/sh</b>	<b>A\$m</b>	<b>\$/sh</b>
							Iron ore operations (DCF)	53,215	17.20	50,408	16.29	49,979	16.15
							Exploration (estimate)	2,129	0.69	2,016	0.65	1,999	0.65
							Corporate (DCF)	(4,461)	(1.44)	(4,323)	(1.40)	(4,188)	(1.35)
							<b>Total enterprise value</b>	<b>50,882</b>	<b>16.45</b>	<b>48,101</b>	<b>15.55</b>	<b>47,790</b>	<b>15.45</b>
							Net debt/(cash)	3,133	1.01	1,210	0.39	2,509	0.81
							<b>Equity value</b>	<b>47,749</b>	<b>15.43</b>	<b>46,891</b>	<b>15.16</b>	<b>45,281</b>	<b>14.63</b>
							<b>MAJOR SHAREHOLDERS</b>						
							Minderoo Group Pty Ltd						36.7%
							Hunan Valin Iron & Steel Group						9.0%
							The Capital Group						7.6%

SOURCE: BELL POTTER SECURITIES ESTIMATES

**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

**Research Team**

Staff Member	Title/Sector	Phone	@bellpotter.com.au
Chris Savage	Head of Research/Industrials	612 8224 2835	csavage
<b>Analysts</b>			
John Hester	Healthcare	612 8224 2871	jhester
Anubhav Saxena	Healthcare	612 8224 2846	asaxena
Thomas Wakim	Healthcare	612 8224 2815	twakim
Michael Ardrey	Industrials	613 9256 8782	mardney
Marcus Barnard	Industrials	618 9326 7673	mbarnard
Sam Brandwood	Industrials	612 8224 2850	sbrandwood
Olivia Hagglund	Industrials	612 8224 2813	ohagglund
Joseph House	Industrials	613 9325 1624	jhouse
Daniel Laing	Industrials	612 8224 2886	dlaing
Hayden Nicholson	Industrials	613 92351757	hnicolson
Chami Ratnapala	Industrials	612 8224 2845	cratnapala
Jonathan Snape	Industrials	613 9235 1601	jsnape
Regan Burrows	Resources	618 9236 7677	rburrows
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9325 1856	showe
Brad Watson	Resources	618 9326 7672	bwatson
<b>Associates</b>			
Connor Eldridge	Associate Analyst	612 8224 2893	celdridge
Baxter Kirk	Associate Analyst	613 9235 1625	bkirk
Ritesh Varma	Associate Analyst	613 9235 1658	rvarma
James Williamson	Associate Analyst	613 9235 1692	jwilliamson

**Research Coverage & Policies**

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: <https://bellpotter.com.au/research-independence-policy/>.

**Authoring Research Analyst's Certification**

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

**Research Analyst's Compensation**

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

**Prices**

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

**Availability**

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time

**Dissemination**

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated. The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.



**Disclaimers**

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

**Bell Potter Securities Limited**

ABN 25 006 390 772  
Level 29, 101 Collins Street  
Melbourne, Victoria, 3000  
Telephone +61 3 9256 8700  
www.bellpotter.com.au

**Bell Potter Securities (HK) Limited**

Room 1701, 16/F  
Prosperity Tower, 39 Queens  
Road Central, Hong Kong, 0000  
Telephone +852 3750 8400

**Bell Potter Securities (US) LLC**

Floor 39  
444 Madison Avenue, New York  
NY 10022, U.S.A  
Telephone +1 917 819 1410

**Bell Potter Securities (UK) Limited**

16 Berkeley Street London, England  
W1J 8DZ, United Kingdom  
Telephone +44 7734 2929