

**Analyst**

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**Authorisation**

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# Inghams Group (ING)

## Fried chicken

**Recommendation**

**Buy** (unchanged)

**Price**

**\$3.78**

**Target (12 months)**

**\$4.35** (previously \$4.90)

**GICS Sector**

**Food Beverage and Tobacco**

**Expected Return**

Capital growth	<b>15.1%</b>
Dividend yield	<b>6.1%</b>
Total expected return	<b>21.2%</b>

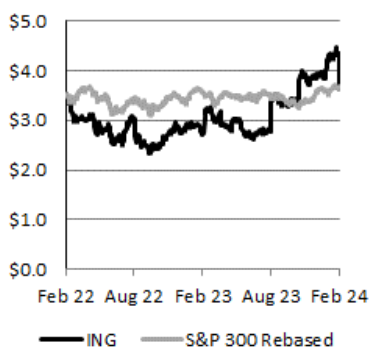
**Company Data & Ratios**

Enterprise value	<b>\$3,194m</b>
Market cap	<b>\$1,405m</b>
Issued capital	<b>371.7m</b>
Free float	<b>100%</b>
Avg. daily val. (52wk)	<b>\$6.0m</b>
12 month price range	<b>\$2.55-4.51</b>

**Price Performance**

	(1m)	(3m)	(12m)
Price (A\$)	4.22	3.86	2.81
Absolute (%)	-13.86	-5.83	29.36
Rel market (%)	-15.98	-15.95	26.38

**Absolute Price**



SOURCE: IRESS

BELL POTTER SECURITIES LIMITED  
 ABN 25 006 390 772  
 AFSL 243480

**1H24 result at a glance**

ING reported a 1H24 underlying NPAT modestly lower than expectations at \$63.4m (BPe \$65.5m) driven largely by a higher tax rate. Key operating statistics:

**Operating results:** Revenue of \$1,642m was up +9% YOY (vs. BPe \$1,606m). Underlying post-ASSB16 EBITDA of \$252.1m was up +20% YOY (vs. BPe of \$247.4m). On a pre-AASB16 basis, underlying EBITDAL was up +66% YOY to \$138.4m (vs. BPe of \$137.9m and guidance of ~\$138m). Underlying NPATL of \$69.3m was up +46% YOY (vs. BPe of \$71.2m and guidance of ~\$71m).

**Cashflow and balance sheet:** Lease adjusted operating cashflow of \$74.8m compares to a -\$9.8m outflow in 1H23. Ex-factoring an operating cashflow of \$74.2m was reported and compared to a -\$21.4m outflow in 1H23. Net debt (adjusted for factoring) exited at \$478.7m compared to \$394.7m at FY23 and \$447.3m at 1H23 and incorporates \$82.2m of acquisition funding.

**Outlook:** There is no formal FY24e earnings guidance. Outlook comments include: (1) earnings in 2H24 are expected to be below 1H24 levels given seasonality. This is unchanged from previous guidance; (2) Feed costs stabilised in 1H24 and anticipated to be of some benefit in FY25e; (3) Consumers are shifting to in-home dining, resulting in a channel shift to retail; and (3) S,G&A costs to be higher than FY23.

Following the result, we have downgraded EBITDAL by -3% in FY24e, -2% in FY25e and -2% in FY26e. NPATL is downgraded by -12% in FY24e, -12% in FY25e and -12% in FY26e and includes removal of expected R&D tax offsets. Our target price is now \$4.35ps (prev. \$4.90ps).

**Investment view: Buy rating unchanged**

We recently upgraded ING on a view that it is a second derivative exposure to improved winter cropping prospects with weaker feed cost drivers already becoming visible for FY25e. While the reaction to today's outlook statement (which is essentially unchanged relative to Oct'23) was aggressive, the overall dynamic that we saw emerging remains unchanged.

**Earnings Forecast**

Year end June	2023	2024e	2025e	2026e
Sales (A\$m)	3,044.0	3,228.0	3,202.8	3,275.3
EBITDAL (\$m)	183.6	253.1	258.8	263.9
Underlying NPAT (\$m)	71.1	109.3	115.6	118.6
Underlying NPATL (\$m)	83.1	117.2	118.9	121.3
Core EPSL (eps)	22.4	31.5	32.0	32.6
EPS growth (%)	46.0	41.0	1.4	2.1
FCF yield (%)	(0.2)	0.2	0.1	(0.0)
PER (x)	16.9	12.0	11.8	11.6
EV/EBITDAL (x)	9.9	7.2	7.1	6.9
Dividend (eps)	14.5	23.0	24.0	25.0
Yield (%)	3.8	6.1	6.3	6.6
Franking (%)	100.0	100.0	100.0	100.0
ROE (%)	35.2	48.4	45.9	42.7

SOURCE: BELL POTTER SECURITIES ESTIMATES

**DISCLAIMER:**  
 THIS REPORT MUST BE READ WITH THE DISCLAIMER ON PAGE 8 THAT FORMS PART OF IT.

# 1H24 Results

**Result:** ING reported underlying post-ASSB16 EBITDA of \$252.1m, up +20% YOY (vs. BPe of \$247.4m). On a pre-AASB16 basis, underlying EBITDAL was up +66% YOY to \$138.4m (vs. BPe of \$137.9m) and consistent with Oct'23 guidance of ~\$138m. Underlying NPATL of \$69.3m was up +46% YOY (vs. BPe of \$71.2m) modestly below guidance of ~\$71m with the difference being driven by tax. The headline result included \$5.9m in SYSMOD costs and \$5.6m in STI/LTI recognition (nothing for either in 1H23). Lease adjusted operating cashflow of \$74.8m was materially stronger the -\$9.8m outflow reported in 1H23 and appeared clean, with operating cashflow ex-factoring of \$74.2m was reported and compared to a -\$21.4m outflow in 1H23. Net debt (adjusted for factoring) exited at \$478.7m compared to \$394.7m at FY23 and \$447.3m at 1H23 and incorporates \$82.2m of acquisition funding.

Figure 1 – 1H24 Result overview

Profit & Loss	Pre AASB16													1H24	1H24e	YOY
	2017	2018	2019	2020	1H21	2H21	2021	1H22	2H22	2022	1H23	2H23	2023			
Australia	2,022.6	2,003.9	2,109.4	2,170.1	1,160.0	1,115.2	2,275.2	1,182.6	1,132.1	2,314.7	1,295.9	1,301.4	2,597.3	1,389.1	1,372.8	7%
New Zealand	361.3	370.0	380.4	385.2	203.0	190.6	393.6	205.5	192.9	398.4	215.3	231.4	446.7	253.0	233.4	18%
<b>Revenue</b>	<b>2,383.9</b>	<b>2,373.9</b>	<b>2,489.8</b>	<b>2,555.3</b>	<b>1,363.0</b>	<b>1,305.8</b>	<b>2,668.8</b>	<b>1,388.1</b>	<b>1,325.0</b>	<b>2,713.1</b>	<b>1,511.2</b>	<b>1,532.8</b>	<b>3,044.0</b>	<b>1,642.1</b>	<b>1,606.2</b>	<b>9%</b>
...growth (%)	3.3%	-0.4%	4.9%	2.6%			4.4%	1.8%	1.5%	1.7%	-43.4%	10.4%	12.2%	23.9%	21.2%	
Australia	158.8	165.9	179.0	151.1	84.9	86.9	171.8	80.6	32.6	113.2	74.6	85.7	160.3	110.0	122.4	47%
New Zealand	36.2	36.8	29.6	28.1	15.8	22.0	37.8	19.1	2.9	22.0	8.9	14.4	23.3	28.4	15.6	219%
<b>EBITDAL</b>	<b>195.0</b>	<b>202.7</b>	<b>208.6</b>	<b>179.2</b>	<b>100.7</b>	<b>108.9</b>	<b>209.6</b>	<b>99.7</b>	<b>35.5</b>	<b>135.2</b>	<b>83.5</b>	<b>100.1</b>	<b>183.6</b>	<b>138.4</b>	<b>137.9</b>	<b>66%</b>
<b>AASB 16 Lease liabilities</b>				<b>229.7</b>	<b>117.9</b>	<b>121.2</b>	<b>239.1</b>	<b>122.7</b>	<b>122.9</b>	<b>245.6</b>	<b>126.6</b>	<b>123.4</b>	<b>250.1</b>	<b>113.7</b>	<b>109.5</b>	<b>-10%</b>
Australia	158.8	165.9	179.0	348.9	185.6	190.3	375.9	185.1	137.5	322.6	181.9	189.2	371.1	203.3	213.9	12%
New Zealand	36.2	36.8	29.6	60.0	33.0	39.8	72.8	37.3	20.9	58.2	28.2	34.3	62.6	48.8	33.6	73%
<b>EBITDA</b>	<b>195.0</b>	<b>202.7</b>	<b>208.6</b>	<b>408.9</b>	<b>218.6</b>	<b>230.1</b>	<b>448.7</b>	<b>222.4</b>	<b>158.4</b>	<b>380.8</b>	<b>210.1</b>	<b>223.5</b>	<b>433.7</b>	<b>252.1</b>	<b>247.4</b>	<b>20%</b>
Depreciation & Amortisation	(41.6)	(45.1)	(46.8)	(263.4)	(132.4)	(132.9)	(265.3)	(136.1)	(134.5)	(270.6)	(135.6)	(132.6)	(268.2)	(121.6)	(118.0)	-10%
<b>EBIT</b>	<b>153.4</b>	<b>157.6</b>	<b>161.8</b>	<b>145.5</b>	<b>86.2</b>	<b>97.2</b>	<b>183.4</b>	<b>86.3</b>	<b>23.9</b>	<b>110.2</b>	<b>74.5</b>	<b>90.9</b>	<b>165.5</b>	<b>130.5</b>	<b>129.4</b>	<b>75%</b>
...EBIT Margin (%)	6.4%	6.6%	6.5%	5.7%	6.3%	7.4%	6.9%	6.2%	1.8%	4.1%	4.9%	5.9%	5.4%	7.9%	8.1%	61%
Net Interest Income	(16.3)	(15.2)	(15.7)	(68.3)	(33.3)	(32.3)	(65.6)	(33.2)	(31.9)	(65.1)	(37.4)	(38.8)	(76.2)	(41.8)	(42.7)	12%
Pre-tax profit	137.1	142.4	146.1	77.2	52.9	64.9	117.8	53.1	(8.0)	45.1	37.1	52.1	89.3	88.7	86.7	139%
Tax	(35.1)	(34.4)	(42.9)	(22.1)	(15.4)	(15.7)	(31.1)	(13.4)	10.7	(2.7)	(10.5)	(7.7)	(18.2)	(26.4)	(21.2)	151%
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
<b>NPAT</b>	<b>102.0</b>	<b>108.0</b>	<b>103.2</b>	<b>55.1</b>	<b>37.5</b>	<b>49.2</b>	<b>86.7</b>	<b>39.7</b>	<b>2.7</b>	<b>42.4</b>	<b>26.6</b>	<b>44.4</b>	<b>71.1</b>	<b>62.3</b>	<b>65.5</b>	<b>134%</b>
Abnormals post tax	(42.9)	6.6	23.0	(15.0)	(2.2)	(1.2)	(3.4)	(1.3)	(6.0)	(7.3)	(9.4)	(1.3)	(10.7)	1.1	0.0	n.a.
<b>NPAT post abnormals</b>	<b>59.1</b>	<b>114.6</b>	<b>126.2</b>	<b>40.1</b>	<b>35.3</b>	<b>48.0</b>	<b>83.3</b>	<b>38.4</b>	<b>(3.3)</b>	<b>35.1</b>	<b>17.2</b>	<b>43.1</b>	<b>60.4</b>	<b>63.4</b>	<b>65.5</b>	<b>269%</b>
<b>Operating NPATL</b>	<b>102.0</b>	<b>108.0</b>	<b>103.2</b>	<b>78.8</b>	<b>46.5</b>	<b>63.9</b>	<b>101.2</b>	<b>47.0</b>	<b>10.0</b>	<b>57.0</b>	<b>33.7</b>	<b>34.7</b>	<b>83.1</b>	<b>69.3</b>	<b>71.2</b>	<b>46%</b>
<b>Operating cashflow and balance sheet</b>																
Operating cashflow inc. leases	138.8	221.3	150.2	97.1	49.1	134.8	183.9	29.5	60.4	89.9	-9.8	93.9	84.1	74.8		
Operating cashflow less factoring	121.7	198.3	95.6	70.8	46.2	148.7	194.9	(10.5)	68.9	58.4	(21.4)	114.8	93.4	74.2		
Operating cash realisation ex-factoring	85%	130%	64%	64%	71%	191%	136%	-16%	220%	59%	-40%	259%	75%	119%		
Operating cash realisation headline	97%	145%	100%	88%	75%	173%	129%	44%	193%	91%	-18%	211%	67%	120%		
Reported Net Debt	299.6	145.4	263.8	314.7	327.5	240.2	240.2	264.6	267.3	267.3	294.2	262.5	262.5	345.9		
Factored payables	17.1	40.1	94.7	121.0	123.9	110.0	110.0	150.0	141.5	141.5	153.1	132.2	132.2	132.8		
<b>Adjusted net debt</b>	<b>316.7</b>	<b>185.5</b>	<b>358.5</b>	<b>435.7</b>	<b>451.4</b>	<b>350.2</b>	<b>350.2</b>	<b>414.6</b>	<b>408.8</b>	<b>408.8</b>	<b>447.3</b>	<b>394.7</b>	<b>394.7</b>	<b>478.7</b>		
AASB1016 Lease liabilities				1,472.3	1,419.3	1,432.3	1,432.3	1,420.3	1,403.6	1,403.6	1,342.0	1,368.5	1,368.5	1,309.9		
<b>Group indebtedness</b>	<b>316.7</b>	<b>185.5</b>	<b>358.5</b>	<b>1,908.0</b>	<b>1,870.7</b>	<b>1,782.5</b>	<b>1,782.5</b>	<b>1,834.9</b>	<b>1,812.4</b>	<b>1,812.4</b>	<b>1,789.3</b>	<b>1,763.2</b>	<b>1,763.2</b>	<b>1,788.6</b>		

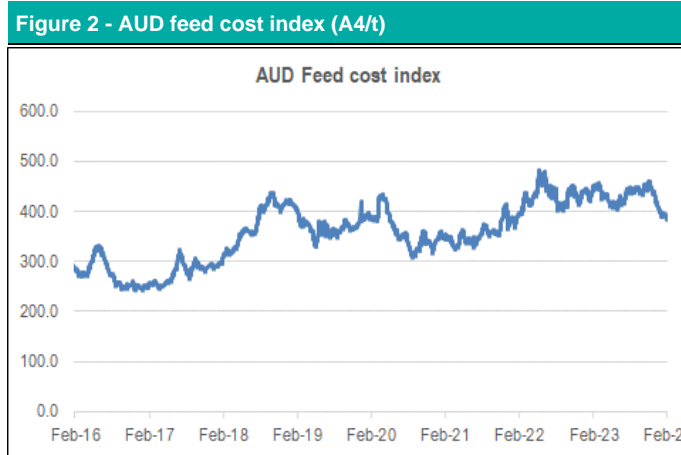
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

**Outlook:** There is no formal FY24e earnings guidance. Outlook comments include: (1) earnings in 2H24 are expected to be below 1H24 levels given seasonality. This is unchanged from previous guidance; (2) Feed costs stabilised in 1H24 and anticipated to be of some benefit in FY25e; (3) Consumers are shifting to in-home dining, resulting in a channel shift to retail; and (3) S,G&A costs higher than FY23.

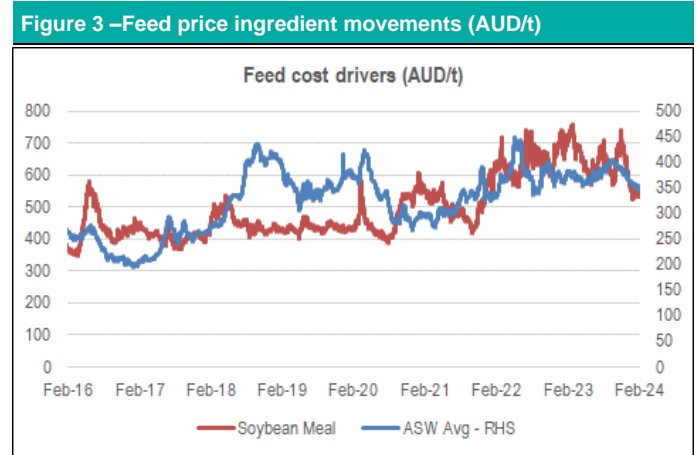
**Returns per core Kg poultry:** EBITDAL per Kg grew +62% YOY on revenue growth per Kg of +6% YOY. Growth was skewed towards the NZ business, where EBITDAL grew +192% YOY. At the group level, while EBITDAL per Kg is at a four year high, they are still ~8% below pre-COVID levels.

# ING variable earnings drivers

**Feed:** Feed cost indicators have continued to ease and matching down ~12% from recent highs, largely driven by lower ASW prices.

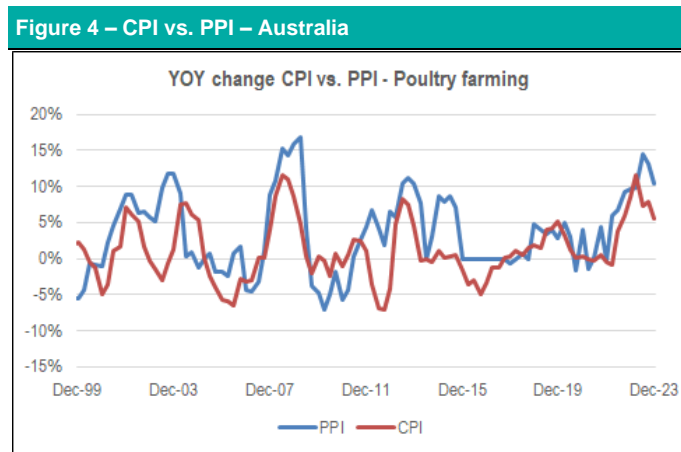


SOURCE: BLOOMBERG AND BELL POTTER ESTIMATES

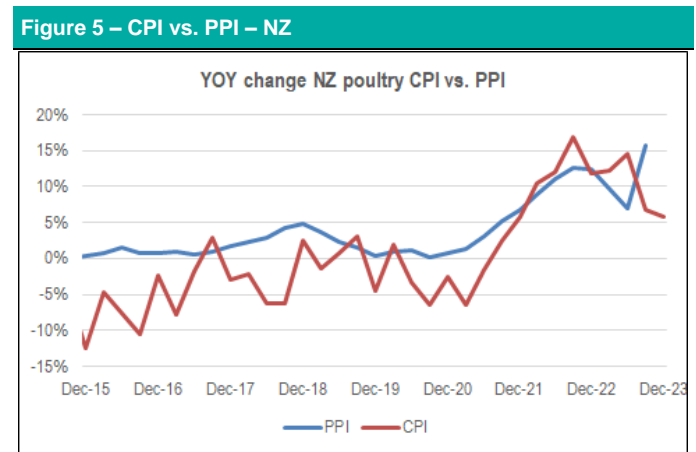


SOURCE: BLOOMBERG AND BELL POTTER ESTIMATES

**CPI & PPI:** CPI in Australia and NZ continues to demonstrate YOY gains, although both reported QOQ declines. Our forecasts have been updated for softer input costs in FY25e.

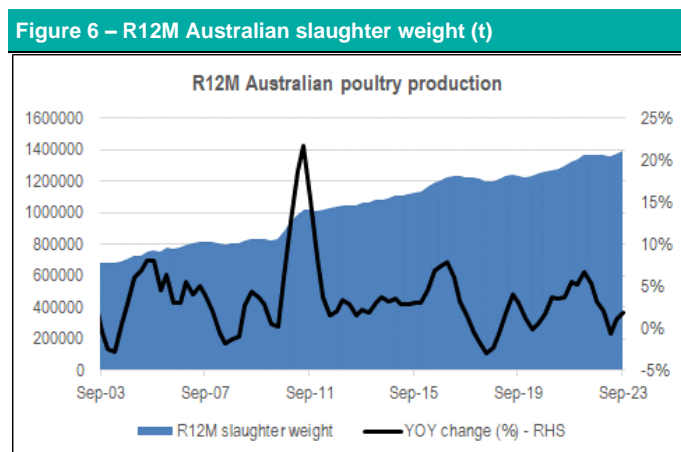


SOURCE: BASED ON ABS DATA

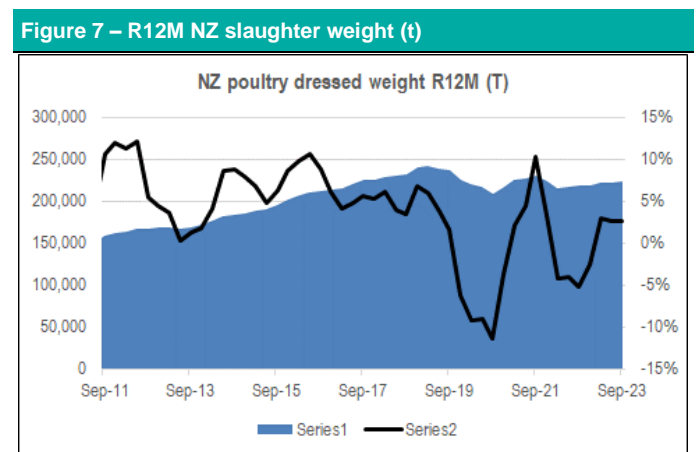


SOURCE: STATS NZ

**Volumes:** Australia and NZ continue to demonstrate low single digit volume growth rates in slaughter.



SOURCE: ABS DATA



SOURCE: STATS NZ

# Ingham's Group Ltd

## COMPANY OVERVIEW

Ingham's Group (ING) was founded in 1918 by Walter Ingham in Liverpool, NSW. It was acquired by TPG Capital in 2013 and subsequently listed on the ASX in 2016 with the stock code ING. Today, ING is a leading vertically integrated poultry producer (from stock feed to end products) with a market leading position in Australia and the number 2 participant in New Zealand.

## TARGET PRICE

Our \$4.35ps target price is derived utilising our ROIC based model, which capitalise FY24-25e forecasts as a means to remove temporary omicron staffing issues. Major assumption in driving this target price are: (1) ROIC of 34.4% in FY24e and 33.5% in FY25e; (2) a pre-lease cost WACC of 11.2%; and (3) net debt inclusive of factored payables, which we view as a debt to the group.

## INVESTMENT RISKS

Risks of an investment in ING include but are not limited to:

**COVID-19:** The substantial impact of COVID-19 on the global and domestic economies together with the Saudi Arabia-Russia oil price war is creating enormous volatility and uncertainty in global share markets. The forecasts in the report may be subject to significant changes if this situation continues for an extended period of time.

**Import restrictions:** Changes to import quarantine conditions in Australia and/or New Zealand that would allow additional forms of poultry to be imported could result in changes to industry structure that could impact ING's financial performance.

**Food safety:** If products of ING's or a competitor became unsafe or were to be perceived as unsafe, reduced demand for ING's products or for poultry products as an industry could follow. In addition food safety issues can lead to significant costs being incurred for recalls as well as result in the potential for compensation, penalties or liability claims which could be incurred. Any issues with food safety could impact ING's financial performance.

**Disease outbreak:** Outbreak of avian diseases occurring in ING's flock or in geographic areas in which ING operates could lead to restriction on the use or transportation of affected poultry. Such disruption to supply, could impact ING's financial performance.

**Material increase in input costs:** There have been recent actual and forecast increases in a number of input costs such as utilities and commodities, i.e. grains and legumes. While ING has a range of cost pass through arrangements in place with customers, especially in respect of feed prices, there may be instances where ING is not able to pass through, or is delayed from passing through, increases in these costs to customers, resulting in the potential risk of margin erosion.

**Supply chain disruption:** Failure of a parent stock supplier, poor animal husbandry practices, poor feed quality or outbreak of disease could all cause a significant reduction in the volume or quality of ING's parent stock or broiler stock, limiting the Group's ability to supply sufficient volumes of product. Disruption to the supply chain such as time critical delays, failure or dispute with key suppliers, severe weather events, fires, floods, failure in the supply of energy, water or other significant inputs or other events of disruption could limit the Group's ability to supply sufficient volumes of product and impact ING's financial performance.

**Regulatory factors:** ING requires a range of licences, permits and accreditations/relating to food standards, animal welfare, workers compensation and the environment in order to

continue operating successfully. Inability to secure or retain these regulatory approvals, or amendments or revoking of these approvals could impact ING's financial performance.

**Failure to execute on transformation projects:** Project Accelerate involves material capital investment and is expected to deliver cost savings and efficiencies to the business in future periods. Delays in the project or cost overruns, in addition to realised results differing from estimates, could impact ING's financial performance.

**Reputation or brand damage:** ING's reputation and the value associated with its quality of products and brands could be impacted by a number of factors including: quality issues with ING products or a failure to supply quality products; the occurrence of an animal welfare event due to the failure of ING or third parties it engages to follow Ingham's strict animal welfare policies and procedures; the actions of contractors and their employment practices or a breach of environmental legislation.

**Competition risks:** There are a number of suppliers of chicken products in Australia and New Zealand. Any material increase in the supply of chicken in these markets that exceeds the increase in demand could lead to an oversupply of chicken, which may result in reduced prices and could impact ING's financial performance.

# Inghams Group

as at 16 February 2024

Recommendation

Buy

Price

\$3.78

Target (12 months)

\$4.35

Table 1 - Financial summary

June year end	Pre-AASB1			Post-AASB16				Share price (\$)	3.78								
	2019	2020	2021	2022	2023	2024e	2025e			2026e							
<b>Profit &amp; Loss (A\$m)</b>																	
Australia	2,109.4	2,170.1	2,275.2	2,314.7	2,597.3	2,721.9	2,692.9	2,744.6	Target price (\$)	4.35							
New Zealand	380.4	385.2	393.6	398.4	446.7	506.1	509.8	530.8	Rating	Buy							
Other	-	-	-	-	-	-	-	-	Diluted issued capital (m)	371.7							
<b>Sales revenue</b>	<b>2,489.8</b>	<b>2,555.3</b>	<b>2,668.8</b>	<b>2,713.1</b>	<b>3,044.0</b>	<b>3,228.0</b>	<b>3,202.8</b>	<b>3,275.3</b>	Market cap (\$m)	1404.9							
... Change	4.9%	2.6%	4.4%	1.7%	12.2%	6.0%	(0.8%)	2.3%	Enterprise value (\$m)	3193.5							
Australia	179.0	348.9	375.9	322.6	371.1	385.5	379.9	373.2	Free Float	100%							
New Zealand	29.6	60.0	72.8	58.2	62.6	91.6	97.9	99.7	<b>Note: Enterprise value includes operating leases. Pre-AASB16 EV/EBITDA multiple removes lease liability.</b>								
Other	-	-	-	-	-	-	-	-	<b>EBITDAL, NPATL, EPSL are all pre AASB lease accounting.</b>								
<b>EBITDA</b>	<b>208.6</b>	<b>408.9</b>	<b>448.7</b>	<b>380.8</b>	<b>433.7</b>	<b>477.1</b>	<b>477.8</b>	<b>472.9</b>	June year end	2019	2020	2021	2022	2023	2024e	2025e	2026e
Deprec. & amort.	(46.8)	(263.4)	(265.3)	(270.6)	(268.2)	(237.4)	(231.8)	(226.8)	<b>Valuation Ratios</b>								
EBIT	161.8	145.5	183.4	110.2	165.5	239.7	246.1	246.1	Core EPSL (\$ps)	27.4	21.2	27.2	15.3	22.4	31.5	32.0	32.6
Interest expense	(15.7)	(68.3)	(65.6)	(65.1)	(76.2)	(84.4)	(82.0)	(77.8)	Change (%)	(3.4%)	(22.8%)	28.4%	(43.7%)	46.0%	41.0%	1.4%	2.1%
Pre-tax profit	146.1	77.2	117.8	45.1	89.3	155.3	164.1	168.3	PE (x)	13.8	17.8	13.9	24.7	16.9	12.0	11.8	11.6
Tax expense	(42.9)	(22.1)	(31.1)	(2.7)	(18.2)	(45.9)	(48.5)	(49.7)	EV/EBITDAL (x)	8.75	10.18	8.71	13.50	9.94	7.21	7.05	6.92
... tax rate	29.4%	28.6%	26.4%	6.0%	20.4%	29.6%	29.6%	29.5%	EV/EBITDA (x)	8.75	7.81	7.12	8.39	7.36	6.69	6.68	6.75
Minorities	-	-	-	-	-	-	-	-	EV/EBIT (x)	19.74	21.95	17.41	28.98	19.30	13.32	12.98	12.98
<b>Net Profit</b>	<b>103.2</b>	<b>55.1</b>	<b>86.7</b>	<b>42.4</b>	<b>71.1</b>	<b>109.3</b>	<b>115.6</b>	<b>118.6</b>	NTA (\$ps)	0.44	0.35	0.44	0.43	0.54	0.61	0.68	0.75
Abs. & extras.	23.0	(15.0)	(3.4)	(7.3)	(10.7)	-	-	-	P/NTA (x)	8.54	10.88	8.59	8.88	6.96	6.23	5.57	5.06
<b>Reported Profit</b>	<b>126.2</b>	<b>40.1</b>	<b>83.3</b>	<b>35.1</b>	<b>60.4</b>	<b>109.3</b>	<b>115.6</b>	<b>118.6</b>	Book Value (\$ps)	0.44	0.35	0.44	0.43	0.54	0.61	0.68	0.75
<b>Pre-AASB16 operating results:</b>									Price/Book (x)	8.54	10.88	8.59	8.88	6.96	6.23	5.57	5.06
<b>EBITDAL</b>	<b>208.6</b>	<b>179.7</b>	<b>209.6</b>	<b>135.2</b>	<b>183.6</b>	<b>253.1</b>	<b>258.8</b>	<b>263.9</b>	DPS (¢)	19.5	14.0	16.5	7.0	14.5	23.0	24.0	25.0
<b>NPATL</b>	<b>103.2</b>	<b>78.8</b>	<b>101.2</b>	<b>57.0</b>	<b>83.1</b>	<b>117.2</b>	<b>118.9</b>	<b>121.3</b>	Payout on pre-AASB16 (%)	71%	66%	61%	46%	65%	73%	75%	77%
<b>Balance Sheet (A\$m)</b>									Yield (%)	5.2%	3.7%	4.4%	1.9%	3.8%	6.1%	6.3%	6.6%
Cash & near cash	134.5	134.2	158.1	131.6	136.3	87.0	87.0	87.0	Franking (%)	100%	100%	100%	100%	100%	100%	100%	100%
Inventories	166.7	217.0	196.1	238.7	220.7	234.0	232.2	237.5	<b>Performance Ratios</b>								
Biological assets	124.2	120.7	121.8	135.6	159.8	171.4	171.0	175.0	EBITDAL/sales (%)	8.4%	7.0%	7.9%	5.0%	6.0%	7.8%	8.1%	8.1%
Receivables	214.6	202.6	222.7	221.7	268.1	284.3	282.1	288.5	EBITA/sales (%)	6.5%	5.7%	6.9%	4.1%	5.4%	7.4%	7.7%	7.5%
Other	21.4	16.0	3.7	7.0	2.2	2.2	2.2	2.2	OCF Realisation (%)	100%	30%	52%	29%	25%	51%	50%	46%
<b>Current assets</b>	<b>661.4</b>	<b>690.5</b>	<b>702.4</b>	<b>734.6</b>	<b>787.1</b>	<b>779.0</b>	<b>774.5</b>	<b>790.2</b>	FCF Realisation (%)	(10%)	(101%)	75%	(70%)	(9%)	5%	4%	(0%)
Fixed assets	418.4	450.3	457.9	477.3	493.8	607.6	630.8	636.6	ROE (%)	62.7%	42.7%	53.0%	26.8%	35.2%	48.4%	45.9%	42.7%
Right of use assets	-	1,429.2	1,374.9	1,319.4	1,275.6	1,249.7	1,229.6	1,214.7	ROIC (%)	38.8%	33.4%	43.3%	26.6%	37.2%	46.6%	42.7%	41.0%
Intangibles	-	-	-	-	-	-	-	-	Asset Turn (years)	4.46	1.55	1.69	1.41	1.62	2.01	2.06	2.09
Other	1.8	2.2	9.8	11.6	17.8	17.8	17.8	17.8	Capex/Depn (x)	1.78	0.33	0.25	0.23	0.27	0.38	0.37	0.31
<b>Non current assets</b>	<b>420.2</b>	<b>1,881.7</b>	<b>1,842.6</b>	<b>1,808.3</b>	<b>1,787.2</b>	<b>1,875.1</b>	<b>1,878.3</b>	<b>1,869.0</b>	<b>Cashflow (A\$m)</b>								
<b>Total assets</b>	<b>1,081.6</b>	<b>2,572.2</b>	<b>2,545.0</b>	<b>2,542.9</b>	<b>2,574.3</b>	<b>2,654.0</b>	<b>2,652.7</b>	<b>2,659.2</b>	EBITDA	208.6	408.9	448.7	380.8	433.7	477.1	477.8	472.9
Creditors	360.7	402.9	396.6	452.6	462.1	485.6	481.1	492.1	Tax Paid	(50.9)	(46.1)	(10.9)	(31.9)	(15.2)	(32.1)	(47.2)	(49.1)
Borrowings	-	-	-	-	-	-	-	-	Net Interest Expense	(16.8)	(14.1)	(12.5)	(11.8)	(25.4)	(28.1)	(28.3)	(27.5)
Lease liabilities	-	185.2	184.2	186.7	154.6	162.9	167.0	171.1	Change in Wkg Capital	3.2	7.4	(6.6)	0.6	(43.1)	(17.7)	0.0	(4.7)
Other	108.9	83.6	122.2	97.0	101.3	164.8	164.8	159.1	AASB16 Lease Payments	-	(234.0)	(243.1)	(239.4)	(247.1)	(212.1)	(217.4)	(222.8)
<b>Current liabilities</b>	<b>469.6</b>	<b>671.7</b>	<b>703.0</b>	<b>736.3</b>	<b>718.0</b>	<b>813.3</b>	<b>812.9</b>	<b>822.3</b>	Other	6.1	(25.0)	8.3	(8.4)	(18.8)	(10.0)	(10.0)	(10.0)
Borrowings	398.3	448.9	398.3	398.9	398.8	426.3	421.9	422.4	<b>Operating Cash Flow</b>	<b>150.2</b>	<b>97.1</b>	<b>183.9</b>	<b>89.9</b>	<b>84.1</b>	<b>177.1</b>	<b>174.9</b>	<b>158.7</b>
Lease liabilities	-	1,287.1	1,248.1	1,216.9	1,213.9	1,147.0	1,124.1	1,095.0	Capex	(83.1)	(86.7)	(66.3)	(61.9)	(71.9)	(90.0)	(85.0)	(70.0)
Other	49.2	35.4	32.0	32.6	41.8	41.8	41.8	41.8	Div Paid	(77.1)	(66.1)	(52.8)	(57.6)	(18.6)	(81.8)	(85.5)	(89.2)
<b>Non current liabilities</b>	<b>447.5</b>	<b>1,771.4</b>	<b>1,678.4</b>	<b>1,648.4</b>	<b>1,654.5</b>	<b>1,615.1</b>	<b>1,587.8</b>	<b>1,559.2</b>	<b>Free Cash Flow</b>	<b>(10.0)</b>	<b>(55.7)</b>	<b>64.8</b>	<b>(29.6)</b>	<b>(6.4)</b>	<b>5.4</b>	<b>4.4</b>	<b>(0.5)</b>
<b>Total liabilities</b>	<b>917.1</b>	<b>2,443.1</b>	<b>2,381.4</b>	<b>2,384.7</b>	<b>2,372.5</b>	<b>2,428.4</b>	<b>2,400.7</b>	<b>2,381.5</b>	Acquisitions	(39.1)	-	-	-	-	(82.2)	-	-
<b>Net assets</b>	<b>164.5</b>	<b>129.1</b>	<b>163.6</b>	<b>158.2</b>	<b>201.8</b>	<b>225.6</b>	<b>252.0</b>	<b>277.7</b>	Disposals	89.1	9.5	10.9	4.0	0.2	-	-	-
<b>Shareholders' funds</b>	<b>164.5</b>	<b>129.1</b>	<b>163.6</b>	<b>158.2</b>	<b>201.8</b>	<b>225.6</b>	<b>252.0</b>	<b>277.7</b>	Share Issues	(160.9)	-	-	-	-	-	-	-
<b>Net Debt (Cash)</b>	<b>263.8</b>	<b>314.7</b>	<b>240.2</b>	<b>267.3</b>	<b>262.5</b>	<b>339.3</b>	<b>334.9</b>	<b>335.4</b>	Other	2.5	(4.7)	(1.2)	(1.5)	11.0	-	-	-
<b>Balance Sheet Ratios</b>									(Inc.)/dec. in net debt	(118.4)	(50.9)	74.5	(27.1)	4.8	(76.8)	4.4	(0.5)
Reported net debt (cash)	263.8	314.7	240.2	267.3	262.5	339.3	334.9	335.4	<b>EBITDA Interest cover (x)</b>								
Factored receivables	94.7	121.0	110.0	141.5	132.2	135.8	134.0	137.1	<b>EBITDAL Interest cover (x)</b>								
AASB1016 Operating leases	-	1,472.3	1,432.3	1,403.6	1,368.5	1,309.9	1,291.1	1,266.1	<b>Net Debt/EBITDAL (x)</b>								
<b>Group indebtedness</b>	<b>358.5</b>	<b>1,908.0</b>	<b>1,782.5</b>	<b>1,812.4</b>	<b>1,763.2</b>	<b>1,785.0</b>	<b>1,760.0</b>	<b>1,738.6</b>	<b>Group Indebtedness/EBITDA</b>								
EBITDA Interest cover (x)	13.29	5.99	6.84	5.85	5.69	5.65	5.83	6.08	<b>Net debt/equity (%)</b>								
EBITDAL Interest cover (x)	13.29	13.31	14.16	10.09	8.02	9.00	9.14	9.60									
Net Debt/EBITDAL (x)	1.72	2.42	1.67	3.02	2.15	1.88	1.81	1.79									
Group Indebtedness/EBITDA	1.72	4.67	3.97	4.76	4.07	3.74	3.68	3.68									
Net debt/equity (%)	160%	244%	147%	169%	130%	150%	133%	121%									

SOURCE: BELL POTTER SECURITIES ESTIMATES



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**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

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

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