WEEK 3

FNArena
FINANCIAL NEWS, ANALYSIS & DATA

STORIES TO READ FROM FNArena

Friday, 20 January 2023

Oz Retailers Not All In The Same Aisle In 2023

Lithium In 2023: The Debate Rages On

Rudi's View: Telix, Telstra, Treasury Wine & More

CONTENTS

AUSTRALIA

1. Oz Retailers Not All In The Same Aisle In 2023

INTERNATIONAL

2. Are We EV Ready?

RUDI'S VIEWS

3. Rudi's View: Telix, Telstra, Treasury Wine & More

SMALL CAPS

4. Life360 Sees Profitability Becoming Reality Soon
5. Adveritas, The Next Foreign Target?

WEEKLY REPORTS

6. Weekly Ratings, Targets, Forecast Changes - 13-01-23
7. Uranium Week: Quiet And Positive

FNArena
Financial News, Data & Analysis

GPO Box 3145 - Sydney NSW 2001
info@fnarena.com

Your editor:
Rudi Filapek-Vandyck

Your dedicated team of journos:
Greg Peel, Danielle Austin, Mark Woodruff & Sarah Mills

AUSTRALIA

Oz Retailers Not All In The Same Aisle In 2023

Analysts have reviewed the retail sector, largely retaining assumptions that spending will slow ahead.

-Consumer spending is assumed to slow into the new year, despite little evidence to support the thesis to date
-Despite being concerned about the future, consumers are proving willing to spend through higher debt or lower savings
-Retailers with exposure to consumers with greater discretionary spend, defensive pricing power, or a growing moat and return on invested capital are preferred

By Danielle Austin

On the other side of the typical retail peak that is the Christmas-New Year holiday period, securities analysts have reviewed the retail sector, while trying to assess how the industry will fare in the new year.

There is broad consensus spending will slow in 2023, as the impacts of rising costs of living are further felt by Australian households. To date, however, there still is little evidence to support that thesis. Consumers have demonstrated a willingness to continue to spend through higher debt or lower savings.

Jarden identified five key themes it anticipates will shape the coming year for retailers. These are consumer health, particularly signs of sharp spending moderation; easing inflation; competition, particularly from Amazon; a likely increase in merger and acquisition activity as retailers look to increase scale; and alternative revenues, particularly from media.

In a closer look at online retailers, the broker notes travel, footwear and department stores proved the big winners over the holiday period, despite an overall -6% decline in traffic. In-store, the broker noted improved footfall, inflation and in-store conversion.

The broker retains a preference for retailers with exposure to consumers with higher discretionary income, such as youth, premium and value consumers, those with defensive pricing power, and those with a growing moat and return on invested capital.

Within its coverage, Jarden noted retailers with exposure to consumers with greater discretionary spend included Universal Store Holdings ((UNI)), Accent Group ((AX1)), Premier Investments ((PMV)), Treasury Wine Estates ((TWE)), The Reject Shop ((TRS)) and Domino's Pizza Enterprises ((DMP)).

Retailers with defensive pricing power included Woolworths Group ((WOW)), Treasury Wine Estates, Costa Group Holdings ((CGC)) and Wesfarmers ((WES)).

Retailers with a growing moat and return on invested capital included Flight Centre Travel Group ((FLT)), Reject Shop, Wesfarmers and Woolworths.

Future remains hard to predict in specialty retail

In a closer look at specialty retail, Canaccord Genuity noted the sector experienced a surprisingly strong December half recovery following a tumultuous year. This broker anticipates the sector will experience increasingly challenging conditions in the coming year, and sees potential for negative commentary and further downgrades.

Potentially offsetting headwinds, according to the broker, is continuing strong consumer spending in select sectors, tailwinds from employment and migration trends, and strong execution from management.

With this in mind, and within its coverage, Canaccord Genuity sees Dusk Group ((DSK)) and Lovisa Holdings ((LOV)) as well placed in the current retail climate. The broker has some concern around Adairs ((ADH)) and the company formerly known as Kathmandu, KMD Brands ((KMD)), but sees potential for both to work through challenges.

According to analysts from Macquarie, spending in apparel continues to moderate. This broker reiterated a preference for small cap apparel retailers with scale, market leading and competitive brands, strong balance sheets and exposure to low price points and a younger demographic. With this in mind, Macquarie prefers Lovisa and Premier Investments.

Despite finding online traffic weak across its coverage in December, this broker finds trends consistent with its anticipation of normalisation in the retail industry. Macquarie suggested that travel and reopening categories, such as bars and apparel, in particular remained weak compared to pre-covid levels.

Different fortunes for Australian retailers were also a prominent feature when Super Retail ((SUL)) and Baby Bunting ((BBN)) released market updates yesterday. The first saw its share price rocketing higher on much better than forecast financials while the latter triggered another punishing sell-off.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

FNArena is proud about its track record and past achievements: Ten Years On

INTERNATIONAL

Are We EV Ready?

Questions about EVs and the future of electrification do not stop with Tesla and its controversial CEO.

-EV future is facing headwinds and limitations
-Manufacturers have become less optimistic
-Questions raised about true environmental credentials of EVs

By Richard Acello

In 1987, Fleetwood Mac released their latest album Tango in the Night, which contained the Christine McVie penned hit, “Everywhere”.

Thirty five years later, Everywhere is the theme song for General Motors’ new line of EVs, and there’s an EV in EVerywhere and in ChEVrolet, get it?

Stuck on the sideline since the introduction of GM’s EV1 in 1996, electric vehicles are beginning to make some noise.

California has decided to ban the sales of new gas-powered vehicles starting in 2035. Of course, gas powered cars will not be banned in toto and there are about 25m on California’s roads today.

The California announcement does put the future in some perspective, gas till 2035 and then completely electric?

Is civilization ready for this magnitude of change, only 13 years away.

In the land down under, Australia Bank will provide auto loans only to buyers of electric cars, starting in 2025. That’s only 24 months from now. This ban on loans contains the implied use of coercion, you can’t buy a loan for a gas-powered car, so you’ll have to get an EV. Or a different lender.

But what about consumers who are ready to buy now? Should they stick with the past, because everyone already knows how it works? Or should they be early adapters who are willing to risk some inconvenience for a stake in the future?

EV Hiccups A-coming

Brian Maas, president of the California New Car Dealers Association, has a front row seat to the battle for California's energy future.

"The best dealers want to meet the needs of customers, and the way they do this is to interview the customer, as to what kind of performance they're looking for, do they want to sit up high, and fuel type is one part of that conversation."

Maas points to 10,000 California gas stations and the relatively few charging stations.

"There are over 25m passenger cars on the road in California, and they're going to need fuel. The 2035 mandate only applies to new cars, so the transfer to all electric is probably not happening in your lifetime."

Speaking of chargers, they take a long time to top up the tank, what if they were installed in office buildings so you could charge while you work?

"That scenario would apply to a very small percentage of Californians, and more are working remotely, so you'd have to go to the office in the first place. Having a charger at work isn't going to work if you work in a restaurant."

Maas also says California dealers are reporting more interest in EVs, as "more and more manufacturers are beginning to introduce new models, so you're starting to see more and more choices in auto product categories".

Price Differential Remains A Constraint

More consumers might take a chance on an EV, if there was less of a price differential between gas and electric models.

According to the CNCDA's 3rd quarter newsletter, EVs approached 16% of new car sales in 2022, but this is driven by Tesla models taking the top spot in the Near Luxury and Luxury and High End Sports Cars categories.

"Consumers are smart enough to know what they can afford, so the price differential between electric and gas has to be close enough to where price isn't the determining factor," says Maas.

"You have to get to a place where the consumer wants a blue car and the EV and gas powered are close enough in every respect so that colour becomes a factor."

Assuming manufacturers can get inflation-weary customers interested, bringing EVs to critical mass in the crowded auto market will require one of the great mining frenzies the world has ever known, particularly for copper, cobalt, and lithium which are featured in EV battery production.

Leaders from the US and Australia recently entered into a technology sharing initiative to keep China from controlling the world market for lithium.

Less Optimism From The Silent Majority?

Manufacturers are mixed on the EV future. While Ford and GM are remaking their companies to accelerate electric development, evidence indicates growing caution elsewhere.

A recent KPMG survey finds auto executives less confident than last year about the impact of all-electric vehicles in the US and globally by 2030.

Estimates of EVs by 2030 globally ranged from 10% to 40% in this year's survey, down from 20% to 70% a year earlier.

For the US, the median expectation was 35% of the new vehicle market, down from 65% a year earlier and less than the Biden administration's 50% goal by 2030.

In December, Toyota President Akio Toyoda suggested there's a "silent majority wondering whether EVs are really OK to have as a single option. But they think it's the trend so they can't speak out loudly."

Tesla owners are complaining about the winter performance of their Teslas over frozen door handles and difficulties in charging during cold weather.

This summer, California state officials asked EV owners not to charge their cars during hot weeks when the state urges less electricity usage to prevent blackouts. Nor has the state explained how California is going to generate the amount of electricity needed if EVs ever catch on.

The electric future may also be impacted by environmental concerns. For example, according to American author and expert on modern-day slavery and human trafficking, Siddharth Kara there is no such thing as 'clean cobalt'.

Kara's newest book, Cobalt Red: How the Blood of the Congo Powers Our Lives is now available through Amazon and book stores.

Cobalt is a key ingredient in the batteries that power EVs. Kara's observations are that cobalt is manufactured in "appalling, heart-wrenching, dangerous conditions."

RUDI'S VIEWS

Rudi's View: Telix, Telstra, Treasury Wine & More

By Rudi Filapek-Vandyck

Less than two weeks out from February, when most companies listed on the local exchange will release financial results, analysts and market strategists have updated their conviction ideas for the year ahead. Below are some of the recent updates.

****

UBS's recent strategy update carries the title *From Stagflation to Disinflation*. UBS strategists believe successful investing in 2023 will centre around identifying which companies can still grow when economies are decelerating or temporarily suffer from negative growth.

UBS has lifted its **year-end price target for the ASX200 to 7500**. While this is up from a prior 7250, as the index is trading close to 7400 already the upgraded target still suggests not much is on offer in terms of sustainable net gains, at least not at the index level.

UBS strategists' focus has therefore shifted to companies that can lift their dividends through the cycle. Three characteristics to look out for are: consistent revenue growth, lack of cyclicality, and a competitive advantage. Not surprising, also, UBS has reduced exposure to cyclical companies on the ASX.

On the broker's analysis, Infrastructure, Utility and Financial stocks have been most consistent in lifting annual dividend payments over the last 20 years. UBS has upgraded Infrastructure and utilities sectors to Overweight, joined by insurance, while mining companies have been downgraded to Neutral. Property-linked sectors remain key underweights. Energy remains an Overweight, as is Technology.

UBS is of the view that rising bond yields have had their impact throughout 2022. This impact is now running thin in 2023. Hence why so-called long duration companies are back on the menu. This also explains the Overweight for Tech stocks. UBS is still not a fan of healthcare or building materials.

When it comes to dividend growth reliability in Australia, the banks only come third on the broker's analysis, beaten by infrastructure and utilities, with packaging (thanks to Amcor ((AMC)), no doubt) the most reliable sector. Staples retailers and insurers are sectors four and five, respectively, on the dividend-growing reliability ladder.

At the other end, there is one sector that historically has proven even worse than chemicals, energy and mining companies; old media.

At the individual stock level, BHP Group ((BHP)) has been removed (downgrade to Sell) and replaced with South32 ((S32)) because of the former spin-off's more defensive commodity mix. Suncorp ((SUN)) has been added, while recent outperformance by Super Retail ((SUL)) now sees that stock removed.

Putting it all together, the broker's list of **Most Preferred stocks on the ASX** now comprises of:

Among resources:
-IGO ((IGO))
-Orica ((ORI))
-Santos ((STO))
-South32

Among financials:
-ANZ Bank ((ANZ))
-Netwealth Group ((NWL))
-QBE Insurance ((QBE))
-Steadfast Group ((SDF))
-Suncorp

Among industrials:
-Aristocrat Leisure ((ALL))
-Amcor
-IDP Education ((IEL))
-Qantas Airways
-Seek ((SEK))
-Seven Group ((SVW))
-Telstra ((TLS))
-Transurban ((TCL))
-Treasury Wine Estates ((TWE))
-Wesfarmers ((WES))
-Worley ((WOR))

UBS's selection of **Least Preferred exposures** (best to avoid) currently consists of:

-Bega Cheese ((BGA))
-Endeavour Group ((EDV))

-InvoCare ((IVC))
-National Australia Bank ((NAB))
-Pilbara Minerals ((PLS))
-Pinnacle Investment Management ((PNI))
-Vicinity Centres ((VCX))

Pinnacle and Vicinity Centres have just been added in replacement of Lifestyle Communities ((LIC)) and Magellan Financial ((MFG)) which are no longer included.

****

Morgan Stanley's Australia Macro+ Focus List hasn't changed in composition since September last year when four of the ten inclusions were added.

Those four are: Domino's Pizza ((DMP)), IDP Education, Northern Star Resources ((NST)) and Treasury Wine Estates.

The other six consist of Aristocrat Leisure, CSL ((CSL)), Goodman Group ((GMG)), Macquarie Group ((MQG)), Telstra and Woodside Energy ((WDS)).

The average holding period is circa 8 months. Telstra is currently the longest held, having been added in May 2021.

****

Over at **Goldman Sachs**, the **Australia & New Zealand Conviction List** has zero overlap with conviction calls at Morgan Stanley.

The ten ASX-listed stocks selected by Goldman Sachs are Elders ((ELD)), Fisher & Paykel Healthcare ((FPH)), Iluka Resources ((ILU)), Lifestyle Communities, NextDC ((NXT)), Omni Bridgeway ((OBL)), Qantas Airways ((QAN)), REA Group ((REA)), Webjet ((WEB)), Westpac ((WBC)) and Woolworths ((WOW)).

****

Shaw and Partners is now also in the business of publishing selections for its **Model Portfolio**, including eight large cap (ASX100) favourites; James Hardie ((JHX)), Metcash ((MTS)), Qantas Airways, ResMed ((RMD)), Santos ((STO)), Telstra, Worley ((WOR)) and Xero ((XRO)).

Among smaller cap propositions ("emerging companies") Shaw has selected Audinate Group ((AD8)), Black Cat Syndicate ((BC8)), Boab Metals ((BML)), Calix ((CXL)), Catapult Group International ((CAT)), Hub24 ((HUB)) and Regal Partners ((RPL)).

****

With the February local reporting season approaching, analysts are starting to look forward to what may or may not show up through market forecasts and financial results next month.

For Shaw and Partners this has been an opportunity to reiterate its positive view on Premier Investments ((PMV)) -"one of our top picks and re-iterate high conviction"- while Morgan Stanley analysts identified their number one stock to avoid: car parts distributor Bapcor ((BAP)).

Morgan Stanley anticipates FY23 for Bapcor will have a larger-than-usual skew to H2, which increases the risk for disappointment, but the analysts are equally cautious on management's transformation project and with market consensus assuming too many remaining tailwinds from covid lockdowns.

****

Wilsons is not yet in full operational mode so its clientele has been receiving strategy updates originally put together in December. In it, Wilsons strategists express their caution on corporate earnings this year, while being optimistic on stock valuations.

Wilsons' favourite sector for the year ahead is healthcare (take that, UBS). Wilsons' **Focus Portfolio** has no less than 14% exposure to the sector through CSL, ResMed and Telix Pharmaceuticals ((TLX)).

This broker's top seven stocks for 2023 are:

-NextDC
-The Lottery Corp ((TLC))
-CSL
-ResMed
-Allkem ((AKE))
-Mineral Resources ((MIN))
-Lynas Rare Earths ((LYC))

****

Bell Potter also released its stock picks for the year ahead in December. As all analysts at the firm get a say in this process, Bell Potter's selection tends to be plentiful:

Among Listed Investment Companies (LICs):
-L1 Long Short Fund ((LSF))
-MFF Capital Investments ((MFF))
-Regal Asian Investments ((RG8))

Agriculture and FMCG:
-Nufarm ((NUF))
-A2 Milk Company ((A2M))
-Synlait Milk ((SM1))

Technology
-Life360 ((360))
-ikeGPS Group ((IKE))
-Frontier Digital Ventures ((FDV))

Diversified Financials
-Perpetual ((PPT))
-Cedar Woods ((CWP))

Industrials
-IPD Group ((IPG))
-The Environmental Group ((EGL))
-DGL Group ((DGL))
-Cluey ((CLU))
-Ai-Media Technologies ((AIM))
-Droneshield ((DRO))

Retail
-Accent Group ((AX1))
-Propel Funeral Partners ((PFP))
-Best & less ((BST))

Healthcare
-Telix Pharmaceuticals
-Clarity Pharmaceuticals ((CU6))
-Mesoblast ((MSB))
-Aroa Biosurgery ((ARX))
-Cogstate ((CGS))
-Polynovo ((PNV))
-Immutep ((IMM))
-Monash IVF ((MVF))

Base Metals & Gold
-Chalice Mining ((CHN))
-De Grey Mining ((DEG))

-Nickel Industries ((NIC))

Energy
-Strike Energy ((STX))
-Boss Energy ((BOE))

Strategic Minerals
-Liontown Resources ((LTR))
-Red Dirt Metals ((RDT))
-Latin Resources ((LRS))
-Green Technology Metals ((GT1))
-Arafura Resources ((ARU))
-Dreadnought Resources ((DRE))
-Alpha HPA ((A4N))

Mining Services
-Mader Group ((MAD))
-DDH1 ((DDH))
Imdex ((IMD))

Best Wishes for the year ahead.

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions.)

P.S. I - All paying members at FNArena are being reminded they can set an email alert for my Rudi's View stories. Go to My Alerts (top bar of the website) and tick the box in front of 'Rudi's View'. You will receive an email alert every time a new Rudi's View story has been published on the website.

P.S. II - *If you are reading this story through a third party distribution channel and you cannot see charts included*, we apologise, but technical limitations are to blame.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

FNArena is proud about its track record and past achievements: Ten Years On

SMALL CAPS

Life360 Sees Profitability Becoming Reality Soon

Investor concerns around the impact of price changes implemented by Life360 in late 2022 have proven unwarranted, with trends normalising and the company moving closer to breakeven.

-Last week's market update by Life360 has been well-received by local analysts
-Trends have normalised following price changes implemented in December
-Company now expects to breakeven early in the new year, allowing for positive cash flow and earnings over 2023

By Danielle Austin

Despite concern from investors since its third quarter about the impact price changes would have on churn and subscriber conversion, Life360 ((360)) experienced a strong finish to the year. Following the implementation of price changes for iOS users in December, the company reported monthly active user, subscriber and churn patterns have "normalised".

A restructure has brought forward the company's expected cash flow breakeven to the second quarter of the running financial year, a quarter earlier than previously expected. The company confirmed it met the lower end of its full year guidance for FY22 (year-end December).

Achieving breakeven sooner than previously anticipated will see Life360 turning cash flow and earnings positive in FY23, while the organisational restructure should additionally derive -US$15m in annual savings.

Preliminary guidance for 2023 suggests revenue growth of 35%. A full-year impact of price increase underpins much of the company's expected subscription revenue growth, and analysts suggest it offers potential upside.

Analysts Respond Positively

Despite implementing downgrades to pull forecasts in line with company guidance, brokers have largely found Life360's latest market update to be a net positive.

Goldman Sachs (Buy, target price $7.90) expects the update from the company regarding churn and subscriber normalisation will alleviate investor concern. The broker does note longer-term front book impact is yet to be determined.

The broker anticipates front book impact to improve over the coming year, as price updates are digested by the company's user base.

The company achieving only the lower end of guidance came as no surprise to Goldman Sachs, which had already predicted as much. The broker anticipates proving the pricing power of its subscription model represents an approaching inflection point for Life360 that would see the company move on from the non-profitable tech label.

Goldman Sachs makes minor downgrades to its earnings per share forecasts, bringing its outlook in line with company guidance, while anticipating positive earnings of over $9.0m in the year ahead.

Bell Potter (Buy, target price $9.00) similarly lowered its revenue forecasts -3.0%, -5.0% and -3.0% through to 2024. This broker anticipates Life360 achieved revenue of US$226m in 2022, and will grow revenue 36% in 2023 to US$306m.

While Bell Potter expects positive earnings of US$8.0m in 2023, an upgrade on its previously anticipated -US$8.0m loss, it increased the expected loss in 2022 to -US$40.0m from -US$39.0m.

Morgan Stanley (Overweight, target price $8.50) equally found Life360's early full year result to be positive overall. This broker found paying circles resilient given the significant price increases implemented, but does highlight potential for a fourth quarter destocking to present a tailwind in 2023.

Life360's initial guidance for 2023 is ahead of Morgan Stanley's forecasts across the board, with the broker predicting 33% revenue growth compared to the company's 35%.

All target prices sit significantly above the share price, even following a positive response post last week's market update.

SMALL CAPS

Adveritas, The Next Foreign Target?

Last year's acceleration in top line growth has already attracted one foreign bid for ASX-listed Adveritas. Is this the end or but the beginning of foreign interest? A commissioned report suggests the valuation is at multiples of today's share price.

-Growth for Adveritas is accelerating on the back of major client wins
-Board dismissed opportunistic bid from Nasdaq-listed competitor
-Commissioned report by MST Access Research suggests share price is trading well below intrinsic value

By Rudi Filapek-Vandyck

It is estimated some 28% of all digital advertising is somehow subjected to fraud. Since this is a US$455bn industry made up of many global spenders whose growth is closely aligned with their spending on advertising, it is not difficult to see the importance of addressing this issue.

Many global advertisers spend big through Google, but it is the inclusion of social media platforms and mobile applications that has added many more windows of opportunity for the fraudsters. Well-known "tricks" range from the creation of fake clicks and fake website visits, to invisible ad placements, click hijacking and fake installation of mobile apps.

As the eCommerce industry continues to grow, the ad fraud problem becomes an ever more expensive problem for the sector to deal with. Industry estimates are that digital advertising spend lost to fraud has grown to US$80bn last year, up from US$65bn in 2021, and expected to reach US$100bn by the end of calendar 2023.

No surprise thus, a whole new industry has emerged in years past of companies attempting to provide a solution, ranging from Adverif.ai, based in Israel, Optics in Spain and about a dozen corporates headquartered in the USA. One of such companies is WA-based and ASX-listed Adveritas ((AV1)).

As Adveritas' market capitalisation is only circa 34m and its bottom line is still negative (no profits), it should also not come as a surprise its share price has received a true shellacking since 2021 as investors, globally, first abandoned the most speculative segments of equity markets and then abandoned the technology sector altogether on a significant reset in global bond yields and general risk appetite.

Adveritas shares were trading around 20c in early 2021, still at 15c at the start of last year but they are trading around 7c today. Not for the lack of interest though, equally unsurprising, the depressed share price elicited corporate interest from Nasdaq-listed competitor Integral Ad Science late last year, with the suitor offering 11c per share or $51.7m for the whole of the company.

Even though that bid offered a 30% premium to the share price, it was considered opportunistic. The board at Adveritas thinks the company is worth a whole lot more and refused due diligence. For all we know, Integral Ad Science has walked away instead of offering a better premium, but speculation is rife the suitor has not completely lost interest.

What about other competitors in this global space? Now that one suitor has shown interest, it's not inconceivable others might be interested too.

Mark McConnell, who co-founded the now Pacific Equity Partners owned Citadel Group, and his related entities reportedly own 15.94% of the company.

Small cap technology companies in Australia whose share prices have been beaten down throughout 2022 have received a number of take-over approaches from private equity and corporate suitors recently, including Elmo Software ((ELO)), Nearmap ((NEA)), Nitro Software ((NTO)), Proptech Group ((PTG)), Pushpay Holdings ((PPH)), ReadyTech Holdings ((RDY)) and Tyro Payments ((TYR)).

Not all approaches have been, nor will be, successful.

At this stage, Adveritas is offering no profits, but its growth has been accelerating and management at the firm believes breaking-even might only be two years out. Among recent positive developments are an exclusive agreement with Google Cloud, preparation for a self-serve platform aimed at SMEs and the signing of commercial contracts with large global eCommerce spenders including Disney, SingTel, William Hill, Ladbrokes and Superbet.

One of the strong growth segments in digital advertising is the gaming industry with the likes of William Hill, neds and Ladbrokes operating on supersized marketing budgets, often offering financial rewards for new customers who open an account. This has led to so-called Bonus Abuse whereby fake accounts are created in order to steal those financial rewards.

Adveritas currently counts twelve customers in the gaming sector, but its key product, TrafficGuard, is applicable to the entire digital advertising market, across Google, mobile and social media channels. Given strong growth achieved last year, and more in the pipeline as the likes of Better Collective, Lux Escapes and Disney Streaming Services signed up as customers, and with profitability approaching (FY25?), the board at Adveritas is understandably optimistic about the company's valuation.

Which is the key reason as to why Integral Ad Science's offer has been quickly dismissed.

It appears key shareholders agree with the board, judging from the fact the company managed to raise $3m late last year, at 10c a share, a sizeable premium to its share price, with nine of the ten largest shareholders participating. It's rather rare to see a non-profitable, micro-cap technology company issuing shares at a premium to its share price. No doubt, this also indicates any suitor will have to come up with a much higher offer in order to be successful.

How high is anyone's guess, but Adveritas has since commissioned MST Access Research to "initiate" coverage on the company. That report was released on January 16th, putting the company's intrinsic valuation at 20c per share - almost twice as high as Integral Ad Science's initial non-binding suggestion.

Some of the key assumptions that support MST's valuation assessment are continuing strong top line growth with revenues forecast to rise from $3.5m in FY23 to $8m in FY24, and to $13m in FY25. By then, EBITDA is projected to be minimally positive with EBITDA losses projected to decline from -$8.6m in FY23 to -$4.5m in FY24. MST's forecasts also see operational free cash flow per share at a small negative in FY25, suggesting this metric too should turn positive in FY26.

Adveritas was founded by current Chief Technology Officer, Luke Taylor in 2010. The business used a reverse takeover of Fortunis Resources to list on the ASX in 2015 as Tech Mpire, at that time a performance marketing business. The company underwent a major transformation with the arrival of current CEO Mathew Ratty, who focused the business on its software-as-a-service (SaaS) flagship product TrafficGuard.

Right now, it seems the company's future hangs in the balance between the unwavering confidence of the board, with support of the major shareholders, and the ongoing attraction of this local success story for much larger capitalised, foreign competitors.

At what price?

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 13-01-23

By Rudi Filapek-Vandyck, Editor FNArena

Guide:

The FNArena database tabulates the views of seven major Australian and international stock brokers: Citi, Credit Suisse, Macquarie, Morgan Stanley, Morgans, Ord Minnett and UBS.

For the purpose of broker rating correlation, Outperform and Overweight ratings are grouped as Buy, Neutral is grouped with Hold and Underperform and Underweight are grouped as Sell to provide a Buy/Hold/Sell (B/H/S) ratio.

Ratings, consensus target price and forecast earnings tables are published at the bottom of this report.

The week ending Friday, January 13th witnessed no less than 10 upgrades in stockbroker ratings and 13 downgrades for individual ASX-listed companies.

However, investors should not draw the conclusion that analysts at Australia's major stockbrokers have returned early from their holiday break this year to make early amends.

Rather the switch at Ord Minnett to whitelabel research from Morningstar instead of that by former partner/owner JP Morgan is responsible for most changes, and the wrong impression.

Overall, research activity at stockbrokers in general has been rather tepid thus far with Macquarie and Citi the most active this early in 2023. The first look-ins for the upcoming February reporting season have already been spotted (on a few individual companies only).

Early indications are this is not about to change. Analysts like their annual break like everybody else.

For the week, all upgrades are either Ord Minnett's or Citi's with the latter upgrading Accent Group, Blackmores, Charter Hall and Transurban.

Two exceptions only can be spotted among the 13 downgrades; Morgans moving AGL Energy to Neutral and Macquarie similarly cooling on Westgold Resources.

The general statistics continue showing a market that is as polarised as ever with nearly 55% of all ratings in the Buy (and equivalent) basket, leaving only 36.72% for Neutral/Hold ratings and 8.34% for Sells.

Traditionally, a more 'normal' market sees the majority of ratings concentrated in Neutral and Hold ratings, but it has truly been a long while since we witnessed anything like it.

In line with early-year market optimism, most amendments to valuations and price targets are being made to the upside with the likes of Tyro Payments, Seven West Media, Aurizon Holdings, AUB Group and Perpetual all enjoying increases of 3.50% and higher.

On the negative side of the ledger BlueScope Steel stands out with a reduction of -5.88% thanks to Ord Minnett adopting a more bearish view on the sustainability of high steel prices and margins.

The overall picture looks a lot busier when one switches focus to earnings estimates with the week's table for positive revisions led by Judo Capital (up 26.49%), NextDC (up 15.55%) and Brickworks (up 14.77%). Even Perpetual and Pendal, respectively numbers 9 and 10 for the week, still enjoy increases of nearly 3%. Both will be merging into one entity soon.

The negative side looks a lot less busy though five companies saw earnings forecasts reduced by between 37%-5%, led by Tyro Payments, followed by Gold Road Resources, Lendlease Group, Fortescue Metals, and Origin Energy.

Once back from the holiday break, analysts will increasingly switch focus to the upcoming reporting season which only breaks open from mid-February onwards.

Insurers, banks, and small-cap lithium producers have been in focus thus far into the fresh calendar year, though one wouldn't notice it from the overview below.

Summary

Period: Monday January 9 to Friday January 13, 2023
Total Upgrades: 10
Total Downgrades: 13
Net Ratings Breakdown: Buy 54.94%; Hold 36.72%; Sell 8.34%

Upgrade

ACCENT GROUP LIMITED ((AX1)) Upgrade to Buy from Neutral by Citi .B/H/S: 3/1/0

Citi has upgraded to Buy from Neutral on the view that market consensus is too bearish on growth prospects of Accent Group.

Longer term, the broker does acknowledge it is important Accent successfully proves up and develops some of its newer retail banners.

EPS estimates have been reduced in reflection of higher costs for doing business. The new price target of $1.95 is a result of the broker removing its prior -15% valuation discount and instead applying a 15% premium.

The premium is explained by the broker through Accent Group now expected to outperform its retail peers in Australia with more exposure to housing.

AURIZON HOLDINGS LIMITED ((AZJ)) Upgrade to Accumulate from Lighten by Ord Minnett .B/H/S: 2/4/1

Switching to Morningstar research has led Ord Minnett to upgrade its rating for Aurizon Holdings to Accumulate from Lighten.

Your typical value-oriented Morningstar has had this company on its most preferred ideas list for quite a while.

Target price jumps to $4.70 from $3.40.

BLACKMORES LIMITED ((BKL)) Upgrade to Buy from Sell by Citi .B/H/S: 2/3/0

Citi believes Blackmores will be a beneficiary from China re-opening and industry feedback backs up that thesis. On this realisation, the broker's rating for the shares has been upgraded to Buy from Sell (double upgrade).

Increased forecasts, against the background of a sound looking longer-term growth trajectory (Asia), have lifted Citi's price target to $84 (was $58.85).

CHARTER HALL GROUP ((CHC)) Upgrade to Buy from Neutral by Citi .B/H/S: 5/1/0

2022 proved a brutal experience for A-REITs with the sector among the worst performing on the ASX. Only IT and Technology fared worse as higher bond yields required a valuation reset.

While the year ahead continues to offer multiple uncertainties, sector analysts at Citi dare to be "cautiously optimistic" for the sector overall in 2023.

Their preference lays with Goodman Group ((GMG)), Mirvac Group ((MGR)) and Charter Hall, hereby upgraded to Buy from Neutral, as well as with Region Group ((RGN)), Abacus Property ((ABP)), and GPT Group ((GPT)).

The broker's price target for Charter Hall has lifted to $14.50 from $13.90.

GENEX POWER LIMITED ((GNX)) Upgrade to Add from Hold by Morgans .B/H/S: 1/0/0

Morgans has used a general sector update, released on January 5th, to upgrade Genex Power to Add from Hold with a price target of 27c, up from a prior 20c.

While still considered a risky proposition, the broker is of the view the share price has fallen too deeply after corporate suitors decided not to proceed with their intention to acquire the company.

PILBARA MINERALS LIMITED ((PLS)) Upgrade to Buy from Neutral by Citi .B/H/S: 3/1/2

Following a serious correction in the share price, Citi has upgraded Pilbara Minerals to Buy from Neutral with an unchanged price target of $4.70.

While acclaiming the share price action is "overdone", the analysts also highlight the fact that, on current estimates, Pilbara Minerals looks set to make more cash in FY23/24 than any other stock in the broker's gold/metals coverage universe.

RESMED INC ((RMD)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 4/2/0

Ord Minnett has switched to Morningstar research and this has led to an upgrade in rating for ResMed to Accumulate from Hold.

The price target has slightly improved to $38 from $37.50.

SEVEN WEST MEDIA LIMITED ((SWM)) Upgrade to Accumulate from Lighten by Ord Minnett .B/H/S: 3/1/1

Ord Minnett has switched to Morningstar research and the immediate effect has been an increase in price target; to 62c from 40c. The rating for Seven West Media has been lifted to Accumulate from Lighten.

The upgrade follows the observation that the shares are trading well below the new target.

While forecasts have been trimmed, the analyst does make the point the balance sheet is in much better position versus previous cycles, while also highlighting several positives, including new content agreements that benefit 7plus.

The previous assumption Seven West Media would start paying a dividend from FY24 onwards has been removed.

TRANSURBAN GROUP LIMITED ((TCL)) Upgrade to Buy from Neutral by Citi .B/H/S: 4/3/0

Citi started the new calendar year with an upgrade to Buy from Hold for Transurban Group, communicated to its clientele on January 3rd.

The moves seems to have been inspired by growing concerns, worldwide, that inflation might prove stickier in 2023, and Transurban should be a primary beneficiary as its operations offer protection.

Equally important, while debt costs are rising, the analysts highlight Transurban's longer debt maturity of circa 8 years means the full impact will take multiple years before impacting on the financial numbers.

Target price increased to $15.70 from $14.52.

WESTPAC BANKING CORPORATION ((WBC)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 5/2/0

Ord Minnett's switch to Morningstar research has shifted preference to the cheapest of the major banks, Westpac, which is hereby upgraded to Accumulate.

Target price is $29.

Downgrade

AGL ENERGY LIMITED ((AGL)) Downgrade to Hold from Add by Morgans .B/H/S: 2/3/0

Morgans has used a general sector update, released on January 5th, to downgrade AGL Energy to Hold from Add.

As the broker also lowered forecasts, the target price has dropped to $7.88, down by -11%.

The broker holds a relatively positive view on AGL inside the sector, but highlights higher investment uncertainty in the sector makes it harder to identify upside for shareholders.

ANSELL LIMITED ((ANN)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 3/3/0

With whitelabeled research now derived from Morningstar, Ord Minnett's rating for Ansell has fallen to Accumulate from Buy.

The price target of $32 has remained unchanged.

AUB GROUP LIMITED ((AUB)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 3/0/0

The switch to Morningstar research continues to trigger changes in the coverage universe of Ord Minnett. There's no other reason behind the downgrade to Accumulate from Buy.

Target price of $28 compares with $26 previously.

BLUESCOPE STEEL LIMITED ((BSL)) Downgrade to Lighten from Buy by Ord Minnett .B/H/S: 3/2/0

Ord Minnett has downgraded BlueScope Steel to Lighten from Buy (two steps down on the broker's ladder) as renewed analysis is suggesting steel prices had previously been artificially pushed to unsustainable levels, and spreads are expected to fall "markedly" in 2023.

It is the broker's view that steelmaking spreads will revert towards midcycle assumptions consistent with historical levels in nominal terms.

Target price cut to $13 from $20. Judging by the layout of today's report, the research stems from Morningstar. BlueScope Steel is also still awaiting the size of a penalty after a court found it guilty of cartel behaviour late last year.

Today's research update is suggesting a fine of $10m will be awarded.

BRAMBLES LIMITED ((BXB)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 4/2/1

Brambles' rating has been pulled back to Accumulate from Buy as a result of the switch to Morningstar research.

Ord Minnett's target price has improved to $14 from $13.40.

CSL LIMITED ((CSL)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 5/1/0

Putting Morningstar in charge of whitelabeled research has led to a downgrade in Ord Minnett's rating for CSL shares; to Hold from Accumulate.

The price target has lost some potential too, now at $315 versus $330 previously.

HUB24 LIMITED ((HUB)) Downgrade to Neutral from Buy by Citi .B/H/S: 5/1/0

Citi continues to hold a positive view for small cap operators of wealth platforms in Australia. Further market share gains should be on the agenda.

But while forecasts have been upgraded, the broker has also downgraded Hub24 to Neutral from Buy, on share price strength and a deteriorating risk-reward offering.

Price target has lifted to $29.45 on higher forecasts.

LOVISA HOLDINGS LIMITED ((LOV)) Downgrade to Neutral from Buy by Citi .B/H/S: 4/1/0

Citi has downgraded Lovisa Holdings to Neutral from Buy despite the fact the analysts believe Lovisa is likely to surprise positively with the release of interim financials in February.

Lovisa might prove more resilient than most of its consumer-oriented peers, suggests the broker, but the retailer remains exposed to consumers that face headwinds this year.

The risk versus reward proposition would change with a share price in the low $20s, argues the broker. New price target is $25.20.

NEXTDC LIMITED ((NXT)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 6/1/0

The broker seems to have switched its research relationship with JP Morgan to Morningstar. One of the immediate impacts is a light downgrade for NextDC; to Accumulate from Buy.

Today's update makes the point the downgrade has nothing to do with operational prospects which seem to still be thought of as positive.

NextDC, the update surmises, continues to operate well in a sector that remains in a secular uptrend. The analyst also doesn't think there will be any problems the data centres operator will be strapped for cash or face financial difficulties, while the business should not be heavily affected by any economic downturns.

Price target $11. The stock has suffered partially because it doesn't pay a dividend, is one of the suggestions made.

PERPETUAL LIMITED ((PPT)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 3/2/0

The switch to Morningstar research has triggered a downgrade in rating for Perpetual with Ord Minnett now rating the fund manager as Accumulate; a downgrade from the previous Buy rating.

There's positive news for the price target which has lifted to $35 from $30.

SOUTH32 LIMITED ((S32)) Downgrade to Neutral from Outperform by Credit Suisse .B/H/S: 5/2/0

The aluminium sector is turning 'green' and Credit Suisse believes this means structurally higher prices are necessary to facilitate this change.

For South32, however, the future is all about how best to halve emissions. On Credit Suisse's assessment, the company could well spend -US$1.2bn pre FY35 to structurally decarbonise its operations.

Such projections have a negative impact on forecasts for free cash flow in the years to come. The broker has also incorporated the latest insights on short-term commodity prices.

Credit Suisse has downgraded its rating for South32 to Neutral from Outperform. Price target has lifted to $4.50 from $4.10.

TYRO PAYMENTS LIMITED ((TYR)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 3/2/0

Ord Minnett had only resumed coverage in December but now, having made the switch to Morningstar research, the recommendation has been pulled back to Accumulate from Buy.

Target price has been pulled back to $2.60 from $2.80. The analyst has decided to lower the anticipated progress on market share gains for the company in core verticals health, hospitality and retail.

While retaining scepsis about cost cutting and whether this might actually help larger competitors (banks) to narrow the gap with Tyro Payments, the underlying thesis of achieving profitability and free cash flows from 2025 onwards remains in place.

The broker points out the above is not in line with management's guidance this can be achieved in FY23 (positive free cash flow).

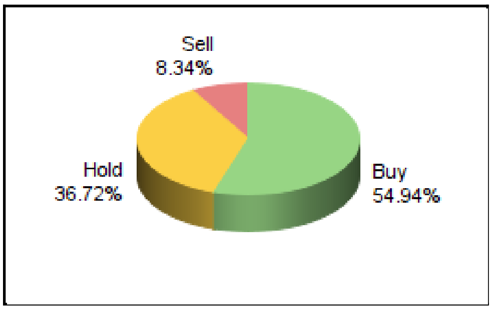
WESTGOLD RESOURCES LIMITED ((WGX)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/1/0

Macquarie has downgraded Westgold Resources to Neutral from Outperform following strength in the share price. The broker does acknowledge the positive news from recent drilling and continues to see more positive catalysts on the horizon.

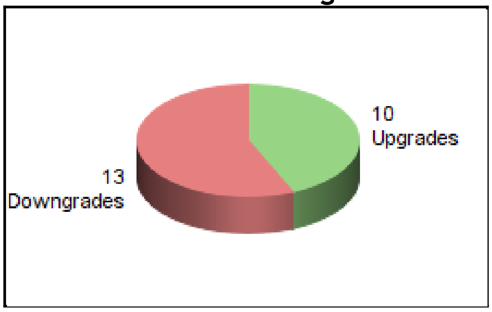
Westgold's upcoming quarterly report may prove one such catalyst, suggests the broker, as cost cutting and progress on strategy may please investors.

Earnings forecasts have been lifted, with the price target lifting to $1.10 from 90c.

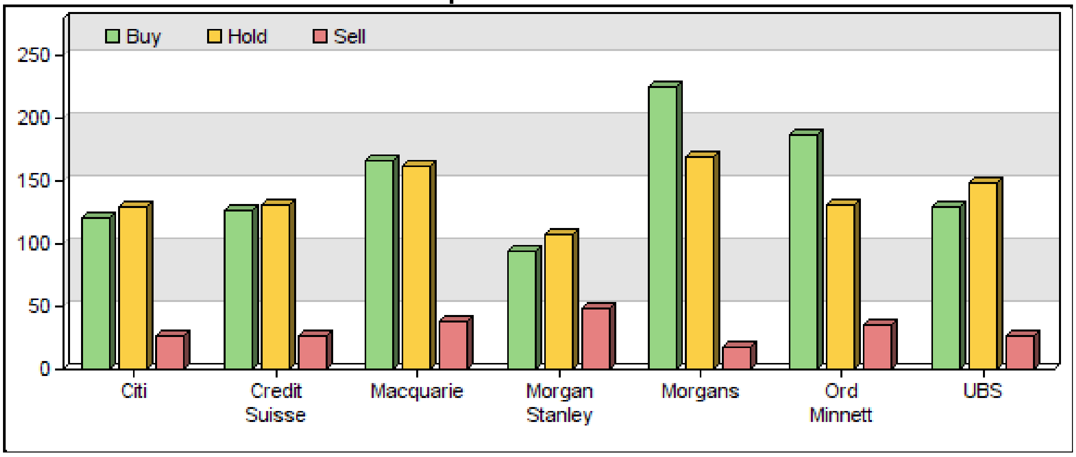
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ACCENT GROUP LIMITED	Buy	Neutral	Citi
2	AURIZON HOLDINGS LIMITED	Buy	Sell	Ord Minnett
3	BLACKMORES LIMITED	Buy	Sell	Citi
4	CHARTER HALL GROUP	Buy	Neutral	Citi
5	GENEX POWER LIMITED	Buy	Neutral	Morgans
6	PILBARA MINERALS LIMITED	Buy	Neutral	Citi
7	RESMED INC	Buy	Neutral	Ord Minnett
8	SEVEN WEST MEDIA LIMITED	Buy	Neutral	Ord Minnett
9	TRANSURBAN GROUP LIMITED	Buy	Neutral	Citi
10	WESTPAC BANKING CORPORATION	Buy	N/A	Ord Minnett
Downgrade				
11	AGL ENERGY LIMITED	Neutral	Buy	Morgans
12	ANSELL LIMITED	Buy	Buy	Ord Minnett
13	AUB GROUP LIMITED	Buy	Buy	Ord Minnett
14	BLUESCOPE STEEL LIMITED	Sell	Buy	Ord Minnett
15	BRAMBLES LIMITED	Buy	Buy	Ord Minnett
16	CSL LIMITED	Neutral	Buy	Ord Minnett
17	HUB24 LIMITED	Neutral	Buy	Citi
18	LOVISA HOLDINGS LIMITED	Neutral	Buy	Citi
19	NEXTDC LIMITED	Buy	Buy	Ord Minnett
20	PERPETUAL LIMITED	Buy	Buy	Ord Minnett
21	SOUTH32 LIMITED	Neutral	Buy	Credit Suisse
22	TYRO PAYMENTS LIMITED	Buy	Buy	Ord Minnett
23	WESTGOLD RESOURCES LIMITED	Neutral	Buy	Macquarie

Target Price

Positive Change Covered by > 2 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	TYR	TYRO PAYMENTS LIMITED	1.880	1.680	11.90%	5
2	SWM	SEVEN WEST MEDIA LIMITED	0.656	0.612	7.19%	5
3	AZJ	AURIZON HOLDINGS LIMITED	4.117	3.931	4.73%	7
4	AUB	AUB GROUP LIMITED	26.157	25.240	3.63%	3
5	PPT	PERPETUAL LIMITED	29.600	28.600	3.50%	5
6	AX1	ACCENT GROUP LIMITED	1.900	1.855	2.43%	4
7	TCL	TRANSURBAN GROUP LIMITED	14.317	14.071	1.75%	7
8	HUB	HUB24 LIMITED	31.250	30.742	1.65%	6
9	S32	SOUTH32 LIMITED	4.793	4.736	1.20%	7
10	LOV	LOVISA HOLDINGS LIMITED	26.590	26.350	0.91%	5

Negative Change Covered by > 2 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	BSL	BLUESCOPE STEEL LIMITED	18.683	19.850	-5.88%	6
2	AGL	AGL ENERGY LIMITED	8.738	8.814	-0.86%	5
3	NXT	NEXTDC LIMITED	12.479	12.586	-0.85%	7
4	CSL	CSL LIMITED	326.200	328.700	-0.76%	6

Earning Forecast

Positive Change Covered by > 2 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	JDO	JUDO CAPITAL HOLDINGS LIMITED	5.850	4.625	26.49%	4
2	NXT	NEXTDC LIMITED	2.549	2.206	15.55%	7
3	BKW	BRICKWORKS LIMITED	292.160	254.560	14.77%	5
4	PTM	PLATINUM ASSET MANAGEMENT LIMITED	16.233	14.825	9.50%	4
5	AWC	ALUMINA LIMITED	5.800	5.405	7.31%	5
6	S32	SOUTH32 LIMITED	50.625	48.357	4.69%	7
7	SWM	SEVEN WEST MEDIA LIMITED	11.514	11.034	4.35%	5
8	IAG	INSURANCE AUSTRALIA GROUP LIMITED	32.480	31.533	3.00%	7
9	PPT	PERPETUAL LIMITED	205.875	199.900	2.99%	5
10	PDL	PENDAL GROUP LIMITED	33.420	32.467	2.94%	5

Negative Change Covered by > 2 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	TYR	TYRO PAYMENTS LIMITED	-1.182	-0.862	-37.12%	5
2	GOR	GOLD ROAD RESOURCES LIMITED	7.200	8.200	-12.20%	3
3	LLC	LENDLEASE GROUP	46.680	49.797	-6.26%	6
4	FMG	FORTESCUE METALS GROUP LIMITED	213.874	227.103	-5.83%	7
5	ORG	ORIGIN ENERGY LIMITED	26.962	28.462	-5.27%	4
6	AX1	ACCENT GROUP LIMITED	11.867	12.167	-2.47%	4
7	SUN	SUNCORP GROUP LIMITED	86.200	88.257	-2.33%	7
8	QBE	QBE INSURANCE GROUP LIMITED	64.986	66.077	-1.65%	7
9	NWL	NETWEALTH GROUP LIMITED	28.367	28.617	-0.87%	6
10	XRO	XERO LIMITED	21.625	21.809	-0.84%	6

Technical limitations

If you are reading this story through a third party distribution channel and you cannot see charts included, we apologise, but technical limitations are to blame.

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

WEEKLY REPORTS

Uranium Week: Quiet And Positive

End of year and the start of a fresh calendar year traditionally means low activity overall for a small market such as uranium. The weeks past proved no exception, but it hasn't stopped further positive developments.

-Market liquidity dried up as the world enjoyed end-of-year holidays
-Sprott Physical Uranium Trust returned as a buyer on market
-Governmental approvals for nuclear reactors noticeably on the increase

By Rudi Filapek-Vandyck

Since the world went on its annual holiday break in late December (starting around Christmas), things have quietened down considerably for global trading in uranium, but nothing to upset the renaissance bull market for the yellow cake industry.

According to industry consultant TradeTech, December 2022 will be recorded as one of the quietest months for the spot uranium market in many years with market liquidity virtually drying up while potential buyers were getting a tan on sandy beaches or lamenting the lack of sufficient snow in many a ski resort across Europe.

Luckily for the industry, term markets for uranium have remained more active, though TradeTech reports much of the activity is occurring through off-market negotiations between utilities and prospective suppliers.

Apart from general apathy across financial markets generally, it appears utilities' focus remains on securing long-term supplies whereas sellers are not currently sitting on large quantities of uncommitted U3O8.

TradeTech suggests the lack of urgency on both sides of the ledger contributes to the overall low levels of activity that characterised uranium markets during the transformation from 2022 into 2023.

Last week saw the Sprott Physical Uranium Trust (SPUT) securing 217,000 pounds U3O8, marking the fund's first purchase since early November last year. December had the first contracts being awarded to supply US-originated material for the US Uranium Reserve Program.

<u>More Governmental Endorsement</u>

The week past also witnessed the International Energy Agency (IEA) release the latest installment of its flagship analysis series; Energy Technology Perspectives 2023.

The 2023 report suggests nuclear can play a vital role in the global energy transformation, highlighting while nuclear power requires the most construction time, it also has the longest typical operating lifespan of the report's selected energy technologies.

Meanwhile, governmental approvals for nuclear reactors remain noticeably on the increase.

The **Swedish government** intends to introduce legislation to amend the country's existing rules that cap the total number of reactors at ten and prohibit reactor construction in new locations. The new legislation would allow for new reactor construction, including small modular reactors (SMRs).

In **Belgium**, the government reached an agreement with utility Engie to keep the nation's two newest reactors in service for an additional ten years, after November 2026.

In **South Korea**, the government's 10th Basic Plan for Electricity Supply and Demand aims to maintain a nuclear share of at least 30% of the country's energy mix by 2030, and also calls for the construction of Units 3 and 4 at the Shin Hanul Nuclear Power Plant to resume.

<u>Uranium's Renaissance Taking Shape</u>

2022 proved the year in which the global renaissance for nuclear power, and the bull market for everything uranium related, came to prominence.

On TradeTech's number crunching, transaction volumes in the term market totaled well over 100m pounds U3O8 in 2022, with term prices up 18% to US$53.00 per pound U3O8 from US$45.00 the year prior; spot prices are up 60% to US$47.60 from US$29.75 per pound in late 2021.

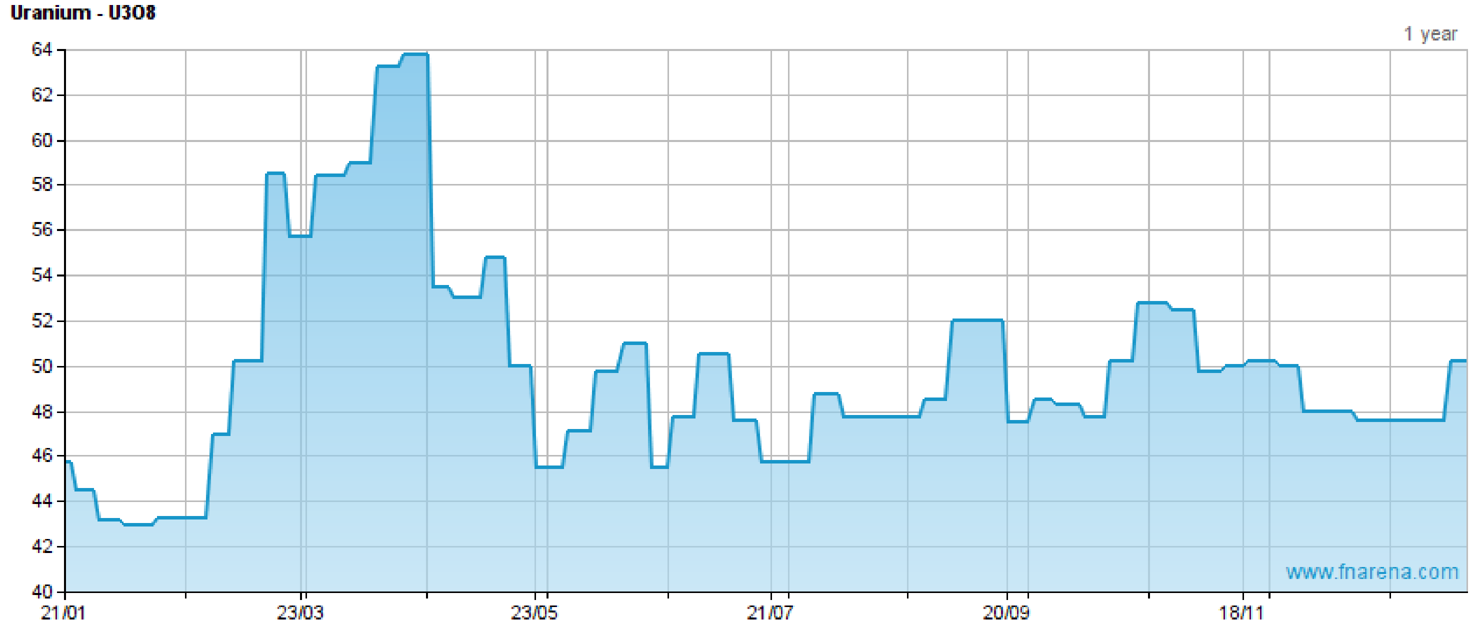
Since Christmas, TradeTech's spot price first declined on extremely thin volumes for the whole month of December (after finishing November at US$49.75/lb), subsequently recovered back to US$49/lb (on no actual transactions recorded) and rose further last week to US$50.20/lb.

In line with the spot price trajectory, TradeTech's mid-term price indicator fell to US$49/lb by December 31st, and has remained there since. The longer-term indicator has not been affected and remains at US$53/lb.

TradeTech's production cost indicator sits at US$54.65/lb, still suggesting the price of uranium remains too low to incentivise large volumes in fresh market supply.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
AGE	16/01/2023	0.0420	0.00%	$0.12	$0.03			
BKY	16/01/2023	0.3000	▼- 3.23%	$0.64	$0.21			
BMN	16/01/2023	1.9350	▲0.26%	$2.49	$0.15			
BOE	16/01/2023	2.4000	▲8.11%	$3.10	$1.61		$3.200	▲33.3%
DYL	16/01/2023	0.8000	▲8.84%	$1.25	$0.55			
ERA	16/01/2023	0.2200	▲1.38%	$0.42	$0.16			
LOT	16/01/2023	0.2400	▲4.35%	$0.46	$0.18			
NXG	16/01/2023	6.6000	▲2.01%	$8.99	$0.00			
PDN	16/01/2023	0.7900	▲6.04%	$0.97	$0.53	-137.2	$1.000	▲26.6%
PEN	16/01/2023	0.1600	▲6.67%	$0.28	$0.12			
SLX	16/01/2023	4.3000	▲10.54%	$4.36	$0.99			



Find out why FNArena subscribers like the service so much: "[Your Feedback (Thank You)](#)" - Warning this story contains unashamedly positive feedback on the service provided.

FNArena is proud about its track record and past achievements: [Ten Years On](#)

TERMS AND CONDITIONS OF USE, AND DISCLAIMERS

These Terms and Conditions of Use, and Disclaimers constitutes your agreement with FNArena Ltd with respect to your use of its FNArena website, its weekday news periodical, Australian Broker Call, as well as any other publications (including articles) FNArena may publish on its website, or anywhere else, from time to time.

Please read the contents of this page carefully as it contains important legal information and disclaimers. By entering and perusing the website, reading the Australian Broker Call, or, if you are subscriber, by entering the password protected part of the website, you acknowledge that you have read, understood and accept this agreement.

By accepting this agreement you acknowledge, understand and accept the following:

1. Reference to “FN Arena” and “FNArena” means reference to FNArena Ltd, its journalists, directors, other employees, affiliates, agents, associates and subsidiaries.

2. FNArena Ltd is the owner of the FN Arena website and brand name.

3. Reference to “we” or “us” is reference to FNArena.

4. Reference to “this website” or the “FNArena website” means reference to www.fnarena.com, and includes reference to FNArena’s weekday news periodical, Australian Broker Call, as well as any other publications (including articles) FNArena may publish on this website, or anywhere else, from time to time.

5. Reference to “news periodicals” means reference to FNArena’s weekday periodical, Australian Broker Call, as well as any other periodicals FNArena may publish from time to time on this website, or anywhere else, from time to time.

6. Reference to “publications” in this agreement means any material, including articles, published or put in print on the FNArena website, or anywhere else, whatsoever, and includes FNArena’s weekday periodical, Australian Broker Call, and any other periodicals FNArena may publish from time to time.

7. Reference to a “visitor” means, you, a visitor to this website, and includes a subscriber to Australian Broker Call as well as any other publications or periodicals FNArena may, from time to time, publish through its website.

8. FNArena is a media company which employs financial journalists to report financial news. FNArena’s journalists perform the required research and collect the information that is, ultimately, each day, published on this website and in FNArena’s news periodicals. As is obvious, the process by which the information is collected and delivered to you is a purely journalistic one and, therefore, the comments, opinions and recommendations FNArena reports on this website are not the opinions of FNArena or any of its journalist or other employees. FNArena is ONLY and specifically a

matter-of-fact reporter of industry signals suggesting price direction probability of some shares. FNArena simply delivers the information – it does not create it.

9. Although FNArena obtains the information published herein from sources deemed to be reliable, and given and received in good faith, it cannot and does not guarantee its accuracy. FNArena does not take any responsibility either for the financial soundness or for the correctness of statement made or opinion expressed in the data or content reported by FNArena, and cannot and does not guarantee the reliability and accuracy of the opinions of the brokers whose opinions, recommendations and forecasts it reports.

10. FNArena publishes this website, all publications and its periodicals strictly for convenient personal, non-commercial, educational and informational purposes of its subscribers only. Our goal is to provide the subscribers with a convenient starting point of potentially useful, but not comprehensive, content that can educate or otherwise enhance a visitor's knowledge base and frame of reference.

11. FNArena is NOT a stock broker or financial or trading advisor, nor is it an advisory service of any kind, and no advice or recommendations on investments or trading are made nor implied on this website. Nothing contained in this website is intended to be, nor shall it be construed as, advice or recommendation. Any investment or other decisions made by you must be based solely on your own evaluation of the targeted subject for investment, and your financial circumstances and investment objectives, and FNArena will not be held liable for any such investments and decisions.

12. It is distinctly understood and accepted that the shares referred to in the FNArena website, FNArena's publications and/or periodicals have not been recommended by FNArena. The content and or any comments found of this website, including the content and/or comments published in any publication and/or periodicals published by FNArena, do not constitute a recommendation or endorsement by FNArena with respect to any company, security, share or investment or any financial or investment product.

13. This website makes no representations, and, to the extent allowed by the law, specifically disclaims all warranties, express, implied or statutory, regarding the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any material contained in the website.

14. Before making an investment decision, you must do your own research and rely on your own examination of the share, and the risk involved, and not on what you read on the FNArena website, or in any publication or periodical. The content of this website is provided strictly for convenient personal, non-commercial educational and informational purposes only and FNArena shall not be held liable for any investment decisions, sales or purchase decisions, which you may have made based on what you have read on this website or in the periodicals published by FNArena from time to time, or in any other publications FNArena may publish on its website, or anywhere else, from time to time. Anyone who makes investment decisions based on what they read on this website does so at their own risk, and agrees that they cannot hold FNArena responsible and/or liable for any loss whatsoever.

15. It is your responsibility to evaluate the completeness, accuracy and usefulness of any content made available on this website. If you are unsure, or in doubt about the meaning of any information, you should consult your financial advisor.

16. FNArena does not guarantee any returns on investments made in any share mentioned on this website by the visitors. As any investor well knows, any investment opportunity, strategy or concept involves a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. FNArena strongly suggests that you consult your own financial advisors regarding the soundness of any intended investments, strategies or concepts, and discuss with such advisor your individual investment needs and goals. You may also wish to consult the broker who expressed the opinion we have reported on in the news periodicals we publish.

17. FNArena shall not be held liable to any visitor of the FN Arena website, or any reader of its periodicals and/or publications, or anyone else who may have relied on this website, directly or indirectly, for any inaccuracies in the printed material found on the FN Arena website, in the periodicals and/or other publications, any typing errors, omissions, interruptions, timeliness, completeness, deletions, defects, failure of performance, computer virus, communication line failures, alterations of, or use of any content herein, regardless of cause, for any loss or damage resulting therefrom.

18. Under no circumstances, including, but not limited to negligence, shall FNArena be liable for any direct, indirect, incidental, special or consequential damages that result from the use of, or the inability to use, the FNArena website, and any or the FNArena's publications and/or periodicals.

19. As a condition of use of the FNArena Website, FNArena's publications and periodicals, you agree to indemnify FNArena and all those affiliated with it from and against any and all liabilities, expenses (including legal costs) and damages arising out of claims resulting from your use of the FNArena website, FNArena's publications and periodicals. If you are uncertain about this agreement or the contents of the FNArena's website, or are dissatisfied in any shape or from, with the content of the FNArena website, or any of the publications or periodicals, or you do not agree with these terms and conditions, your sole and exclusive remedy is to discontinue using the FNArena website, FNArena's publications and periodicals.

20. FNArena may, from time to time, publish advice, opinions and statements of various third parties, other than the ten stock brokers, and various other information and content providers. FNArena does not represent or endorse the accuracy or reliability of any advice, opinion, statement or other information provided by these third parties. Reliance upon any such opinion, advice, statement, or other information is at your own risk.

21. The FNArena website may contain links and pointers to websites maintained by third parties. FNArena does not operate or control in any respect any information, products or services on such third-party websites. Third party links are included solely for the convenience of visitors, and do not constitute any endorsement by FNArena of any products or services provided by the third party link owners or operators. FNArena has no control over any websites that we might link to and does not

take responsibility for their quality, content or suitability.

22. FNArena is not responsible for claims made by advertisers on the FN Arena website or in any of its periodicals. Such advertisements are included solely for the convenience of visitors, and do not constitute any endorsement by FNArena of any products or services advertised. FNArena does not check the accuracy of the statements made by the advertisers. You assume sole responsibility for the access and use of third party links and pointers from the FN Arena website, as well as any purchases you may make from those third parties (including advertisers).

23. All the content, information and material made available on this website are provided to you "as is" and without warranty of any kind from FNArena whether express or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, title, non-infringement, security or accuracy, nor does FNArena endorse or take any responsibility for the accuracy or reliability of any opinion, advise or statement made through the FN Arena website, its periodicals, or for making good all or part of any loss and/or damage that may have been caused by the visitor's reliance on any information, advise, product or service obtained from a linked website.

24. FNArena is not liable for any copyright infringements incurred by any outside content or information contributors, or by third parties who have links to this website, or advertise on this website.

25. FNArena reserves the right to make any and all changes to the FN Arena website, including the publications and periodicals, at its sole discretion without notice to you. FNArena reserves the right to deny access to this website or its information to anyone at any time.

26. This agreement shall be deemed to include all other notices, policies, disclaimers, and other terms contained in the FNArena website, provided, however, that in the event of a conflict between such other terms and the terms of this agreement, the terms of this agreement shall prevail.

27. FNArena shall have the right, at its discretion, to change, modify, add or remove terms of this agreement at any time. Changes shall be effective immediately. Notification of any such changes shall be made herein, therefore, you are strongly advised to read these terms each time you wish to access the FN Arena website or any periodical.

28. No permission is granted to copy, distribute, modify, post or frame any text, graphics, video, audio, software code, or viewer interface design or logos. The entire FNArena website, including the publications and periodicals, is subject to copyright with all rights
reserved. The information contained in the website, including the publications and periodicals, shall not be published, rewritten for broadcast or publication or redistributed in any medium, or for any other reason whatsoever, without prior written permission from FNArena.

29. All original content is the copyrighted property of FNArena.