Research Insight

News from CommSec research

Welcome to this week's edition of the CommSec Research Insight. Each week we share the unique insights of the CommSec Equities Research team based on the research we prepare for institutional clients (ie fund managers). We provide you with a quick wrap on the state of our share market, a few feature articles on the most interesting recent research reports we've issued and snippets on stocks and sectors that have been making the news.

Issue 114 **23 April 2009 (4.30pm)**

Feature Article

Our feature articles this week are:

- **Aristocrat Limited: An AGM to forget – recommendation downgraded**
- **Asciano Limited: Container ports volumes - recommendation downgraded**

The comments in the article below are an abbreviated restatement of our analysts' reports.

A glossary of frequently used investment terms can be found at the end of this report

Feature Article

Aristocrat Limited: An AGM to forget

Last traded: $3.47	Sector: Consumer discretionary	Market cap: $1,321M
ACCUMULATE /MARKET PERFORM		Valuation: $6.13

Summary of previous report dated 21/04/09

What's new?

A capital raising which highlighted the company's concerns for its medium term position, another downgrade (we've lost count) and the promise of further uncertainty through FY09 – *this was an AGM to forget!* The placement was particularly loathsome, driven by the combination of protecting an investment grade rating based on very tight standards and a previous undisclosed but now pressing need for headroom to accommodate potential surety requirements surrounding the convertible notes case.

Equity upside has been sacrificed rather than hold previous actions and defects in the business model to account when and if the consequences are met.

ALL runs the risk of being shunned by the market as the stock remains a relatively expensive, habitually under-delivering company.

Recommendation change

We have downgraded the stock to ACCUMULATE / MARKET PERFORM, previously Buy / Outperform. Our near-term EPS changes are savage, the result of a large hit to sales in Japan, another downgrade in platform unit sales in the US, the dilution, and small changes in other markets.

Market Wrap

One aspect of the global downturn which has shocked central banks has been the response by consumers and businesses. Spooked by the banking problems in the US, consumers across the globe have cut back on spending while businesses have cut back on hiring new staff or investing.

In other words, the precautionary actions have made the situation worse! And while panic events have occurred in the past, one could argue that the effects have been magnified this time because it is the first major global downturn in the internet era.

Websites, blogs, podcasts and even Twitter have been added to traditional sources. *But unfortunately it is the quality of the information that is the problem, where rumours and views are being dressed up as facts.*

We are regularly told not to believe everything we read or hear which is sage advice - but credibility is even more highly regarded in the internet era…

Matt Comyn
General Manager

Valuation change

Our blended valuation (DCF/SOP) is down substantially from $8.23 to $6.13 primarily due to the large raising at a significant discount to valuation. Our 12mth price target is now $4.50 down $1.50, a discount to valuation based on poor momentum legal risks and weak near term earnings.

Outlook

Despite admitting defeat on yet another year's earnings, we remain reticent to shelve entirely the prospects for ALL outperforming on an 18 month view. But clear evidence from the US and Japan, plus an improved outcome in Australia are required in order for us to return to a Buy recommendation. We will look to return to recommending the stock when we have more certainty on the four critical themes outlined below, two of which were noted directly by the new CEO in his address at the AGM:

1. *More certainty on the funding requirement for the convertible bond case*

2. *A more rapid than expected failure and recapitalisation of US casino market. As soon as working capital in the sector is freed from the currently very large debt burden, the underinvestment of recent years will quickly reverse.*

— In addition, the economic and budgetary problems in various US states are providing new impetus for additional markets.

3. *The capacity for the company to focus R&D (loosely termed) more efficiently in a more limited number of markets*.

— CEO Odell at the AGM: "we need to get R&D happening closer to our key markets and customers to ensure our products are the best in the market."

4. *The rebuilding of ALL's customer engagement model to one which better shares the risks and rewards with customers.*

— CEO Odell at the AGM: "The other point I want to make on culture is that we need to flip our historical production led approach and become truly customer and player oriented. We must start with players and customers and work back from their needs to understand where our business can capture value and develop our products and services accordingly."

— Motherhood-type statements, yes, but from a company whose enhanced technological self belief has arguably contributed to the volatility of its earnings - we think Odell's statement is significant.

Feature Article

Asciano Limited[1]: Container ports volumes

Last traded:	$1.37	Sector: Industrials	Market cap:	$822M
SELL/ UNDER PERFORM			Valuation $1.23	

Summary of previous report dated 21/04/09

What's new?

Container volumes declined in February, continuing the weakness evident in January.

- February volumes at AIO's five key container ports were 14.5% lower than in the pcp.
- Overall FYTD volumes are down 1.2% though the ports of Sydney and Freemantle are still exhibiting growth on a FYTD basis.
- Container port operations contributed 33% of AIO's 1H09 EBITDA. The outlook for container port and intermodal rail volumes are inextricably linked to the level and composition of Australian economic activity. Commonwealth Research forecasts that the Australian economy will continue to grow (albeit weakly) with 2.0% growth forecast for FY09 and 0.4% in FY10. In FY11 a return to GDP growth of 3.5% is forecast.

- CommSec has downgraded its earnings forecasts based on weaker port and intermodal container volumes in 2H09. FYTD volumes are already down 1.2%. CommSec forecasts 2H09 container volumes to be down 5% (previously flat).

Valuation and recommendation changes

The critical issue for investors is how successful AIO can be in selling assets or selling stakes in assets to reduce its debt. Our sum of parts valuation reflects this "realisation" approach as the new basis for valuing AIO, as opposed to the DCF approach used previously.

CommSec believes the most likely scenario is that 100% of the coal business will be sold and a partial stake (up to 49%) in the container ports business. On this basis our valuation and price target is $1.23 per share.

Whether AIO sells ports or coal (or both), the outcome is expected to be known by the end of FY09. However as the earnings outlook softens so does the potential sale price. CommSec perceives further downside risk for this stock in terms of potential earnings downgrades and at the current price AIO offers little upside regardless of the outcome of monetisation. *Subsequently we have downgraded our recommendation to SELL / UNDER PERFORM (previously Accumulate/ Market Perform).*

Sector wraps

Following is a summary of a selection of recent sector reports distributed by CommSec research.

Insurance	Insurance sector report		
23/04/09	AMP[2]: Last Traded: $5.25	Market Cap: $10,332M	Sector: Financials
	AXA: Last Traded: $3.88	Market Cap: $3,541M	Sector: Financials
	IAG: Last Traded: $3.40	Market Cap: $6,747M	Sector: Financials
	QBE: Last Traded: $20.46	Market Cap: $20,235M	Sector: Financials
	SUN[2]: Last Traded: $6.06	Market Cap: $8,077M	Sector: Financials
Summary of report dated 21/04/09	AMP[2]: ACCUMULATE / OUT PERFORM		Valuation: $6.04
	AXA: ACCUMULATE / OUTPERFORM		Valuation: $5.89
	IAG: BUY/ OUT PERFORM		Valuation: $4.30
	QBE: BUY/ OUT PERFORM		Valuation: $26.09
	SUN[2]: ACCUMULATE/ MARKET PERFORM		Valuation: $8.31

Mark to market and capital position

The focus of insurance companies is typically the underlying earnings generated from the business unit operations. However in the past 12 months the key driver in insurance profitability has been the impact of mark-to-market movements on the large investment portfolios backing liabilities. Recent capital raisings by insurance companies have been driven to some degree by the impact of mark-to-market movements' on excess capital.

March quarter movements

The March quarter market movements have been less severe than the previous 12 months, however changes in equity and fixed interest markets are still resulting in mark-to-market losses.

AMP and AXA are most exposed to market movements, with business unit earnings and capital positions leveraged to the equity and bond markets. Both companies are facing considerable earnings pressure in FY09 as market volatility continues.

The general insurers are less exposed to the equity markets (SUN has zero exposure) however bond markets and credit spreads continue to impact them. Because it is expected that the corporate bonds will be held to maturity, mark-to-market profits should be observed in coming periods provided default rates do not exceed expected levels.

Capital position

In regards to capital, all of the insurance companies have raised capital in the last six months to strengthen their balance sheets. This has resulted in capital positions comfortably above targets as at 31 December 2008 (on a pro-forma basis). We estimate that these healthy capital positions have been maintained and the positions at the end of March now sit roughly on par with the respective insurance companies' 2008 levels.

Stock preference

In the current environment we prefer the general insurers over the life insurers / wealth managers, with SUN the exception, being our least preferred stock.

Our preferred stock remains IAG and this will be the company most likely to experience earnings upgrades in the next 12 months. Our second preference remains QBE on valuation grounds, though we note that the stock has recovered 30% since its lows in March; however we still see reasonable value in picking up the stock at current levels.

In the life insurance space, AMP and AXA both rallied strongly in line with the market in March, and our preferred pick remains AXA over AMP, although both stocks can expect to see volatility in trading due to their market leverage. Note that we have adjusted earnings based on market movements and we expect further downgrades following flows announcements in the coming weeks.

Our least preferred stock remains SUN. The stock is up over 35% in the last month following its capital raising and speculation surrounding the sale of the bank. We see numerous hurdles facing SUN, not only its banking operations but also its general insurance and wealth management arms; SUN currently sits 10% above our price target.

Stocks at a glance

Following is a summary of a selection of recent reports distributed by CommSec research.

Stocks by sector

Financials and insurance

NHF
23/04/09

Summary of report dated 23/04/09

NIB Holdings Limited: Earnings downgrade in disguise

Last Traded: $0.87 Market Cap: $454M Sector : Financials
REDUCE /MARKET PERFORM Valuation: $1.10

FY09 guidance update

On Wednesday 22 April NHF announced an increase in FY09 guidance in relation to underwriting profit.

- Previous FY09 underwriting result guidance was $33m; this has been increased to $35-40m.
- Management commented that both underwriting margin and policyholder growth would be slightly better than earlier forecasts.

CommSec comments

- We previously stated that in our view management guidance for FY09 was conservative and would be achieved.
- Our forecast was $40m following the 1H09 results. We therefore sit at the upper end of management's revised guidance and see downside risk following this announcement.
- The announcement and guidance focuses on underwriting profit, however close to 40% of earnings come from investment earnings.
- NHF's return on investment assets in the last quarter was negative, and this will more than offset the underwriting profit upgrade.
- So effectively, this announcement has confirmed our thoughts that FY09 earnings will be lower than previously expected. Therefore in our view, the announcement was a profit downgrade.

Reduce holdings

- We have reduced FY09 EPS by 20% to 3.3 cps. Our FY10 EPS is down 2% to 7.6 cps.
- NHF's share price was up almost 9% at one stage following the management update and still finished the day up 4%.
- The share price now sits 7% above our price target of $0.85 and we have therefore downgraded our recommendation to REDUCE / MARKET PERFORM (from Accumulate / Market Perform).
- Our valuation is 20% above the current share price however there is downside risk to this valuation and we do not see the share price approaching this level in the near term.

Effectively this announcement has confirmed our thoughts that FY09 earnings will be lower than previously expected. Therefore in our view, the announcement was a profit downgrade.

AXA
23/04/09

Summary of report dated 22/04/09

AXA Asia Pacific Holdings: Not great but business mix in its favour

Last Traded: $3.88 Market Cap: $3,541M Sector: Financials
ACCUMULATE / OUT PERFORM Valuation: $5.89

AXA's life business continues to grow and will contribute to producing relative earnings stability in the current market. This is an attractive feature of AXA that is not shared by its more "pure-play" wealth management peers.

What's new?

On Wednesday 22 April 2009, AXA released its new business and fund flows for the quarter ended 31 March 2009.

As has been the case in previous periods, wealth management flows are down and life insurance is doing its bit to hold up earnings.

- In Australia wealth management net flows were negative $6.7b for the quarter. Fortunately for AXA, the negative flows are coming from the Alliance Bernstein business which is the low margin business. The high margin (5x the Alliance Bernstein margins) platform and advice business has remained steady.
- Australia life insurance, while up, displayed some worrying signs. The potential concern comes from the growth in income protection, up 18%. The high margin individual life business experienced the lowest growth in sales, 13%.
- Hong Kong numbers were also weak however in line with expectations. The increase in FUM is actually above our forecast and while the increase in inforce premiums is in line with our forecasts, the business mix is better than we were assuming.
- Growth in the blue-sky regions of India and China continued, with inforce premiums up 31% and 10% respectively.

Earnings changes

Following our earnings revisions post the capital raising and mark-to-market updates, we have made minimal changes to our forecasts on the back of this release.

- FY09 and FY10 EPS are both down less than 1%.
- The reduction in Australian investments has been offset by the better than expected platform and advice FUMA.
- With Q1 life insurance sales providing little guide to the rest of the year, we have reduced our Australian financial protection earnings slightly to allow for the business mix skew to income protection.
- We have made no changes to our Hong Kong projections, leaving room for some buffer given that the Q1 flows were better than we were expecting (primarily driven by business mix).
- The $35m loss on investment earnings was better than we expected, primarily driven by a lower than expected loss from US credit spreads.

Valuation and recommendation

This market update has resulted in minimal changes to our valuation ($5.89) and price target ($4.47) following the previous changes we made.

AXA's revenue flows and its business unit earnings performance in general are not spectacular at the moment; however in the current environment AXA's income skew to life insurance is working very effectively to shore up a significant part of its earnings profile. On the wealth management front we expect to see continued pressure on net business inflows.

Reports of job losses at both AXA and AMP this week highlight the pressure being experienced (and anticipated) and hence the likelihood of further pressures on earnings in wealth management operations.

AXA's discontinuance rates in life insurance are disappointing, however its life business continues to grow and will contribute to producing relative earnings stability in the current market. This is an attractive feature of AXA that is not shared by its more "pure-play" wealth management peers.

We therefore maintain our ACCUMULATE / OUT PERFORM recommendation and continue to prefer AXA over AMP and its wealth management peers.

SHL[2,] 23/04/09

Summary of report dated 22/04/09

Sonic Healthcare Limited: Implications of Quest Diagnostics' 1Q09 result

Last Traded: $10.82	Market Cap: $4,141M	Sector: Healthcare
BUY / OUT PERFORM		Valuation: $16.32

What's new?

Quest Laboratories (NYSE:DGX) reported 1Q 2009 results overnight which exceeded consensus expectations. The key take-outs and implications for SHL's US businesses are outlined below:

We believe that the regulatory risk associated with these reviews is overdone and most importantly, we believe the market is underestimating SHL's ability to offset any earnings loss with higher copayments

- Volume growth stabilisation: Quest's reported testing volumes were down 1.9% but after stripping out "significant items", underlying testing volumes grew by 1.5%. We understand overall market growth has averaged between 2–3% recently.
  - This is a positive for SHL as it indicates possible market share gains as larger players look to lower costs possibly at the expense of service levels.
  - In addition, SHL is not exposed to the highly discretionary pre-employment testing which has hindered volume growth for SHL's two larger competitors (Quest and Laboratory Corporation of America).
- Strong growth in average revenue per test: Average revenue per test increased by 4.1% driven by positive mix shifting towards higher price esoteric tests (+1.9% impact) and a positive benefit from the 4.5% fee indexation from Medicare on 1 January (+0.5% impact). Quest also maintained its 3% revenue growth guidance for FY09.
  - CommSec estimates SHL derives ~ 25% of US revenues from Medicare which implies ~1.1% increase in revenues as a result of the fee increase from 1 January. However we note that SHL is unlikely to benefit from a similar mix shift given its tests are predominantly routine.
- Managed care contracts: Quest indicated that most of their major managed care contracts are extended through 2010 and beyond. This suggests that opportunities for SHL to pick up incremental work from contract shifting in the near term are minimal.
- Margin expansion via cost reduction initiatives: Operating margins improved 210bps as a result of active cost reduction programs targeting savings from simplifying processes and procedures. Additional short term savings were also captured from reducing travel expenses, use of consultants and other initiatives.

With no acquisitions announced thus far, we expect SHL will have further progressed on its US integration and synergy delivery targets in 2H09. Combined with increased Medicare rebates, we expect SHL's US business to deliver noticeable margin expansion in 2H09.

- Bad and doubtful debts improving: BDD as a % of net revenue fell from 4.8% last year to 4.5% in 1Q09.
  - This is a positive sign for the industry given the diverse number of payers. This is also consistent with SHL management commentary that BDD levels have

been stable.

- Acquisitions: Despite making no acquisitions in 1Q09, Quest management reiterated that it is committed to investing in the business (i.e. acquisitions and new test developments). It will pursue these opportunities as well as consider capital management initiatives such as share repurchases given the substantial free cash flows generated by the business. In 1Q09, Quest repurchased USD 250m of its stock.
  - Given the absence of any acquisition announcement from SHL, we suspect that vendors have been slow to adjust to the new pricing environment. Recent failed/stalled transactions should bring these expectations to more realistic levels in the short to medium term.
- Healthcare reform: Quest's CEO (Dr Surya Mohapatra) alluded to the fact that Medicare had just increased rates for the first time in a long time – he believed drastic cuts were unlikely.
- In addition, Dr Mohrapatra was encouraged by President Obama's preliminary commentary on health reform which suggested a desire to provide insurance coverage for children and the uninsured as well as an acknowledgement of the diagnostic industry's role in supporting preventative care.

Outlook

On balance, stable pathology volumes combined with the benefit of price increases are positive signs for SHL's US businesses. So far the absence of acquisitions in 2H09 should enable SHL to bed down prior year acquisitions and deliver margin expansion in 2H09. However, SHL's domestic business and the upcoming pathology and radiology funding reviews are likely to overshadow interest in SHL's US businesses in the short term.

We believe that the regulatory risk associated with these reviews is overdone and most importantly, we believe the market is underestimating SHL's ability to offset any earnings loss with higher copayments. We retain our BUY / OUTPERFORM recommendation, $14.69 price target and DCF valuation of $16.32 per share.

Industrials

AIO[1,]
23/04/09

Summary of report dated 21/04/09

Asciano Limited: Monetisation still underway

Last Traded: $1.37 | Market Cap: $822M | Sector: Industrials
SELL / UNDER PERFORM | Valuation: $1.23

What's new?

On Tuesday 21 April, Asciano Limited (AIO) issued an update on its monetisation process and a third quarter operational update. In terms of monetisation, AIO has received and is currently reviewing a number of proposals for part and all of the business. All offers are conditional and non binding. AIO is targeting an announcement of a transaction by the end of FY09.

CommSec see further downside risk for this stock in terms of potential earnings downgrades and at the current price AIO offers little upside regardless of the outcome of the monetisation process.

Mixed operational result for nine months to 31 March 2009

- Container port volumes down — Container Ports volumes were down 2%, notably the deterioration in Melbourne volumes and relative increase in Sydney volumes continued which is bad news for margins as the EBITDA margin for container lifts in Sydney is half that of Melbourne. This is consistent with CommSec's report Container Port volumes (issued on 21 April) where we revised down our expectations for container port volumes and margins.
- Intermodal rail volumes down — Intermodal rail volumes were down 10% for the nine months till 31 March, while for the five months to November 2008 volumes were down 3.7%. This emphasises the significant deterioration from December

2008 to March 2009.

- Patrick Auto, Bulk and General mixed — For Auto in the nine months till 31 March, vehicle volumes carried were down 12% while storage was up 48%. The latest Auto volumes imply that some of the stored cars are being sold and imports have slowed which will negatively impact revenue for the Auto part of the segment. For Bulk and General, grain volumes were up 22% and general stevedoring was up 11%. It is worth noting that AIO has a take or pay contract for grain haulage so upside from higher volumes is possible but once a threshold has been achieved — and remember these volumes are off a low base.

- Coal volumes up — Volumes were up 10% for the 9 months, this is a strong performance.

Outlook

Based on the operating results, management reiterated its FY09 EBITDA guidance, full-year EBITDA (excluding significant and non-recurring items) will be above the level achieved in 2007/08. AIO's FY08 EBITDA was $652.9m and CommSec forecast FY09 EBITDA slightly below guidance of $645.6m.

AIO is hosting a day and a half industry briefing next week which may provide more colour on AIO's outlook. The outcome of the monetisation is expected to be known by the end of FY09. However as the earnings outlook softens so does a potential sale price.

CommSec see further downside risk for this stock in terms of potential earnings downgrades and at the current price AIO offers little upside regardless of the outcome of the monetisation process. We retain our SELL / UNDER PERFORM recommendation and valuation of $1.23.

Regulated utilities and telecos

ORG
23/04/09

Summary of report dated 22/04/09

Origin Energy: CSG price looks OK. Most likely LNG bound.

Last Traded: $15.76	Market Cap: $13,626M	Sector: Energy
BUY / OUT PERFORM		Valuation: $21.15

Key points

- On Wednesday 23 April Origin Energy (ORG) announced the purchase of CSG acreage in and around its key producing areas in the Surat basin (QLD) from the Pangaea Group for $660m.

- The acreages' adjacency to ORG's existing producing areas and power gen development sites should mean synergies for ORG that would perhaps only otherwise be available to BG. The headline 3P multiple of $0.57/GJ looks reasonable although the data set used to assess the acreage was limited and reserves have not been certified. In regards to the true value that can be extracted, only time will tell...

- ORG presented this as a domestic gas market play which while possible, it seems more likely the permit will find its way into APLNG. That said, COP may have itself been an under bidder or might find it challenging to write a cheque for another $330m. Either way we view the acquisition as a positive for ORG.

- Retain our BUY / OUT PERFORM recommendation with an unchanged 12 month price target of $18.25. Key catalysts remain acquisitions using the ~$1.14b net cash that remains on ORG's balance sheet. Earnings accretive acquisitions seem more likely particularly power gen and NSW retail making the earnings metrics of ORG more appealing. We also retain our preference of ORG over AGK.

Key catalysts remain acquisitions using the ~$1.14b net cash that remains on ORG's balance sheet. Earnings accretive acquisitions seem more likely particularly power gen and NSW retail making the earnings metrics of ORG more appealing. We also retain our preference of ORG over AGK.

Price looks OK but only time will tell

On expected 3P reserves of 1150PJ, ORG paid $0.57/GJ. The reserves have not been independently certified and no 2P reserves have been booked.

The price paid was slightly higher than BG's bid for Pure Energy but it is lower than CSG transactions in CY08. The price paid compares favourably to recent AGK transactions which were also domestic gas plays.

But as noted in the briefing, ORG has substantially used its own data to assess the value of the acreage due to the limited drilling and appraisal work.

Therefore it is more than likely that the true value of this acquisition will not be known until ORG proves up the reserves.

A domestic play or LNG?

APLNG has the option within the next 30 days to acquire the acreage prior to the close of the transaction.

Although acquisition multiples have softened since the ORG-COP transaction, it is hard to see how COP could not see additional value in the acreage. It is unclear however whether COP itself participated in the bidding process.

ORG presented the acquisition as more of a domestic gas market decision. Post 2010, ORG's wholesale gas contracts roll off and as such the acquisition gives ORG options to accelerate the development of its own acreage with a relatively known level of gas demand.

We have a positive view of the acquisition of the acreage because:

- ORG is already a producer in the Undulla Nose region with producing fields situated directly north of the acquired ATP 788P acreage.
- The site is also situated close to ORG's Darling Downs power station as well as Braemar 1 and 2 which it has ongoing off take rights and GSA obligations.
- ORG is in control of the timing of any further capital expenditures given its ability to hold back outlaying capital in order to take up any opportunities that may arise in the short term.
- The transaction provides ORG with an option over further gas supplies to meet growth in domestic demand and power gen development.

Happy investing!

Recommendation Definitions

SHORT TERM (over the next 6 months we expect the share price to):

BUY	Appreciate by >10%
ACCUMULATE	Increase between 2% and 10%
REDUCE	Increase by less than 2% or fall by up to 5%
SELL	Fall by >5%
REV	Company is under review - no recommendation available

LONG TERM (over the next 24 months we expect the total return to):

Outperform (O / P)	Exceed market return by >5%
Market Perform (M / P)	Be in line with market return, +/-5%
Under Perform (U / P)	Be less than market return by >5%
REV	Company is under review - no recommendation available

[1] Members of the Commonwealth Group hold: between 5 and 10% of Asciano Group and Insurance Australia Group

[2] Members of the Commonwealth Group have received fees within the previous 2 years from Sonic Healthcare Limited, Suncorp Metway Limited and AMP Limited

Glossary of frequently used investment terms

2P	proved plus probable	FUM	funds under management
3P	proved, probable and possible	GEP	gross earned premiums
ABARE	Australian Bureau of Agricultural and Resource Economics	GJ	gigajoule
ACCC	Australian Competition and Consumer Commission	GWP	gross written premiums
AGM	annual general meeting	JV	joint venture
APRA	Australian Prudential Regulation Authority	LNG	liquefied natural gas
ARTC	Australian Rail Track Corporation Ltd	L-R	long run
ATO	Australian Taxation Office	MAT	moving annual total
bbl	billions of barrels	Mboe	thousands of barrels of oil equivalent
bbls	barrels	mom	month on month
bp	basis points	MOU	Memorandum of understanding
CAGR	compounded annual growth rate	MRET	mandatory renewable energy target
CCGT	combined-cycle gas turbine	NAV	net asset value
CEO	chief executive officer	NPAT	net profit after tax
COGS	cost of goods sold	NPV	net present value
cps	cents per share	NTA	net asset backing per share
cpu	cost per unit	OCGT	open-cycle gas turbine
CSG	coal seam gas	OIP	oil in place
CSM	coal seam methane	OTC	over the counter
DCF	discounted cash flow	P/E	price-earnings ratio
D&A	depreciation and amortisation	pcp	prior comparable period
DRP	dividend reinvestment plan	ppt	percentage point
EBIT	earnings before interest and tax	PSI	offering into pipelines
EBITDA	earnings before interest, tax, depreciations, amortisation	SOTP	sum of the parts
EPCM	Engineer Procure Construct Manage	TEUs	twenty equivalent units
EPS	earnings per share	VWAP	volume-weighted average price
ETS	emissions trading scheme	WACC	weighted average cost of capital
EV	enterprise value	WIH	work in hand
FTA	free to air	y-o-y	year on year

Disclosure and Disclaimer

End of Report