TLC.AX | The Lottery Corporation Limited | Consumer Discretionary

The law of unintended consequences: Downgrade to Sell

Rating Downgrade | 13 March 2023 (18:46 AEDT)

Rating	Target price	Price	Projected return
Sell	**AUD 4.17**	**AUD 5.22**	**-17.0%**
(from Underweight)	(from AUD 4.17)		(-20.1% cap | 3.1% div)

Excess free cash flow, balance sheet capacity and positive NPV deployments

We conclude it is difficult to buy back stock at a ~43bp free cash flow yield premium to the risk-free-rate and discuss capital management options for TLC, including the potential of raising equity. Our conversations with investors suggest there is now an expectation of a capital return, which is also reflected in consensus (Visible Alpha) expectations: ~$750m capital return in FY24E. Trading at ~29x FY24E consensus EPS, it seems to us to make more sense to raise capital rather than return it (page 3).

Gearing up to return capital could see a credit rating downgrade; increases cost of capital

There is limited headroom in the current BBB+ rating (page 5) and we would be surprised if the company would risk a ratings downgrade to return cash to shareholders funded by debt. This would likely increase TLC's cost of capital, decrease cash flow and dividends to shareholders (Figure 7), leave TLC with a large debt stack vs comparable companies (Figure 17) and take away balance sheet flexibility, with little valuation upside. On our numbers, a $750m capital return in FY24E would carry a high risk of a two-notch credit rating downgrade (driven by weaker credit metrics and more significantly, by a change in financial policy that favours shareholders over creditors); a scenario we doubt would be value accretive.

Material difference in using debt vs. cash for capital management

Neither we (Figure 3) nor consensus (Figure 2) estimates TLC generates enough free cash flow that would deliver an excess cash position to conduct a capital return, although excess cash flow could support higher debt. A $250m capital return in FY24E, however, may potentially balance the interests of creditors and shareholders more appropriately. Nevertheless, we question if this is the best use of capital. There may be more accretive strategies like unsolicited bids to state governments to extend existing licences (e.g. Victoria before 2028), LotteryWest or other longer-term licences (strategies also proposed by TLC).

Earnings estimates review: EPS up on lower net interest - FY23E +1%, FY24E +2%, FY25E +2%

We make no adjustments to our operating earnings. We revise up our interest income forecasts after reviewing the balance sheet, which marginally increases EPS (page 7).

Move to Sell on market expectations and valuation: No change to TP ($4.17)

We see downward risks to consensus earnings/capital return expectations (page 7). With TLC trading at a FCF yield of 4.1% (FY24E consensus) and implied Lotteries multiple of ~20x (Keno ~8x), we move our rating to Sell. No change to our 12-month DCF-based TP of $4.17 (WACC 7.7%, TGR 2.5%).

Key share price risks include better-than-expected jackpots / sales and value accretive licence extensions. Given earnings are relatively defensive, the share price could be supported in volatile markets.

Analysts

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EPS revisions

	New	Prior	Cons
FY23E	16.5	16.3	16.6
FY24E	16.7	16.4	17.7
FY25E	18.0	17.8	19.4

Snapshot

Market cap (m)	$11,619
52 week range	3.90-5.35
Daily volume	5.1m
Free float	98%
Franking	100%

Key financial metrics	FY22A	FY23E	FY24E	FY25E
Operating revenues (AUDm)	3,507.0	3,618.1	3,590.5	3,698.2
Operating EBITDA (AUDm)	**694.0**	**756.0**	**767.2**	**809.7**
Adjusted NPAT (AUDm)	347.0	366.8	371.8	401.3
EPS normalised (AUDcps)	**15.6**	**16.5**	**16.7**	**18.0**
EPS growth (%)	-	5.8%	1.4%	8.0%
EV/EBITDA (x)	19.9	18.2	18.0	17.0
P/E (x)	**33.5**	**31.6**	**31.2**	**28.9**
P/FCF (x)	19.3	43.2	24.6	23.2
Gross yield (%)	0.0%	4.4%	4.6%	4.9%
Net yield (%)	**0.0%**	**3.1%**	**3.2%**	**3.5%**

Source: Company data, Jarden Research

Performance

Source: Jarden Research

Figure 1: Earnings summary

The Lottery Corporation (TLC.AX)

Rating	**Sell**	**Share price**	**$5.21**
Target price	**$4.17**	**TSR (%)**	**-17%**

Financial Summary ($Am)	**FY22**	**FY23e**	**FY24e**	**FY25e**
Revenue	**3,507**	**3,618**	**3,591**	**3,698**
CODB	-2,813	-2,862	-2,823	-2,889
EBITDA	**694**	**756**	**767**	**810**
D&A	-91	-106	-121	-121
EBIT	**603**	**650**	**646**	**688**
Net Interest	-96	-124	-115	-115
Profit Before Tax	**507**	**526**	**531**	**573**
Tax	-157	-111	-159	-172
Associates / other				
NPAT (pre-significant items)	**347**	**367**	**372**	**401**
Significant Items (after tax)	-13	-86	0	0
Reported NPAT	**334**	**280**	**372**	**401**

Per share data	**FY23e**	**FY24e**	**FY25e**
Adj. EPS (cps)	**16.5**	**16.7**	**18.0**
Dividend (cps)	**16.1**	**16.7**	**18.0**
Share Price Valuation metrics			
PE (x)	31.6x	31.2x	28.9x
EV / EBITDA (x)	18.2x	18.0x	17.0x
EV / EBIT (x)	21.2x	21.3x	20.0x
FCF Yield (%)	1.6%	3.8%	4.1%
Dividend Yield (%)	3.1%	3.2%	3.5%
Payout ratio (%)	98%	100%	100%
Adj. Returns			
ROCE	-106%	-103%	-108%
ROFE	23%	22%	25%
ROIC	16.3%	15.7%	17.2%

Balance Sheet	**FY22**	**FY23e**	**FY24e**	**FY25e**
Accounts receivable	48	79	81	84
Other current assets	343	421	421	421
Accounts payable	830	798	823	848
Other current liabilities	-13	-13	-13	-13
Total Working Capital	**-453**	**-311**	**-333**	**-355**
Capital Employed	-707	-614	-626	-638
Adjusted Invested Capital	2,997	2,794	2,877	2,807
Funds Employed	3,163	3,244	3,266	3,267
Gross debt	2,421	2,512	2,452	2,452
Net Debt	0	2,194	2,132	2,070
Net Debt / EBITDA (x)	0.0x	2.9x	2.8x	2.6x
Gross Debt / EBITDA (x)	3.5x	3.3x	3.2x	3.0x
Cash flow				
Cash flow from operations		633	767	810
Δ working capital		-142	23	22
cash conversion		**65%**	**103%**	**103%**
Interest/Tax/Other		-150	-275	-287
Operating Cashflow		**341**	**515**	**545**
capex (PPE)		-72	-43	-44
capex (intangibles)		-77	-30	-30
Free cash flow		**191**	**442**	**470**
Cash		**339**	**349**	**418**
Unrestricted cash		99	102	164

Segment performance	**FY23e**	**FY24e**	**FY25e**
Revenue			
Lotteries	3,331	3,289	3,388
Keno	287	301	310
Total	3,618	3,591	3,698
Variable contribution			
Lotteries	865	888	936
Keno	155	163	168
Total	1,020	1,051	1,103
EBITDA			
Lotteries	642	650	690
Keno	114	118	120
Total	756	767	810
Consensus			
Revenue	3,657	3,826	3,986
EBITDA	762	799	840
FCF	385	480	495
EPS	17	18	19
Lotteries EBITDA	646	681	719
Keno EBITDA	115	118	121

Source: Company data, Visible Alpha Consensus Data, Jarden estimates
Note: target price timeframe is 12 months

When Steve Jobs called Warren Buffett thinking about repurchasing Apple (Not Covered) shares, Buffett asked two questions: Do you have all the money you need to develop the kind of business that you've got in your head for the next five to ten years? and; Is your stock selling for less than it's worth?

Difficult to buy back stock at a FCF yield premium to RFR of 43bps

There are options for TLC to deploy capital and some options, including an unsolicited bid for LotteryWest that, together with the increased payout ratio and upcoming Victorian Lottery licence, result in a scenario where TLC could require fresh capital. Trading at ~29x FY24E EPS and a free cash flow yield of 4.1% (FY24 consensus), it seems to us to make more sense to raise capital rather than return it.

A better strategy could be to do a deal with Victoria (or other states) now

The previous Victorian licence was a $120m payment for 10 years (ending 2028). This likely faces competition (similar to Keno) and given the indebtedness of Victoria (Figure 21), there may be an appetite for the Government to entertain longer licences in line with other states. Terming-out existing licences may also be a strategy when assessing its capital structure.

The Victorian licence in a competitive tender may cost significantly more than the previous $120m contract.

- Leveraging the balance sheet removes options for TLC, which appears to be sub-optimal moving toward the 2028 Victorian renewal and the 2028 US$450m / 2030 US$520m USPP maturities (Figure 4). The weighted average coupon for the USPPs is ~4.8% vs the current BBB curve >5.5% (Figure 12).
- Unsolicited bids to state governments have been a feature for Transurban, as have terming-out concessions. In our view, maintaining a strong balance sheet to execute on a potential unsolicited bid for LotteryWest would be a higher accretive strategy than returning cash. LotteryWest is a large business that generated ~$1.2b of Lottery sales in FY22 with a trading profit of $395m. It is also more diversified by product with much less reliance on jackpot products (~43% vs TLC ~52%) (Figure 20).
    - This scenario would likely require additional equity given the size and likely acquisition multiple.

Unsolicited proposals to buy / develop assets have created significant value for infrastructure companies.

Material difference in using debt vs cash for capital management

Aside from potentially diverging from TLC's public "*commitment to a strong investment-grade credit rating*", leveraging up to pay a capital return to shareholders would increase TLC's cost of equity, decrease cash flow and dividends to shareholders and leave TLC with a large debt stack vs comparable companies on the ASX (Figure 17). It would also likely imply a material step up in funding costs and take away balance sheet and strategic flexibility.

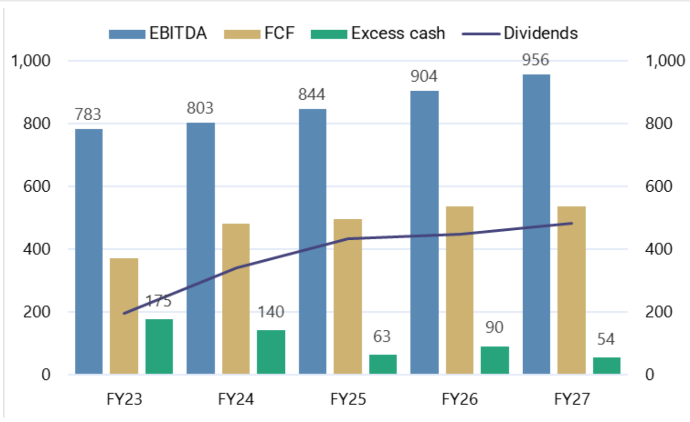
- On our numbers, a $750m capital return in FY24 carries a high risk of a two-notch downgrade, a scenario we highly doubt the company would consider. A capital return of $250m, however, may potentially balance the interests of creditors and shareholders more appropriately (Figure 11).

TLC would have to strike new debt facilities in order to pay a material capital return.

Neither consensus (Figure 2) nor Jarden (Figure 3) estimates TLC will generate enough free cash flow that would deliver an excess cash position >$250m, considering only ~$129m cash out of ~$438m (at 31 December 2022) total cash is "unrestricted".

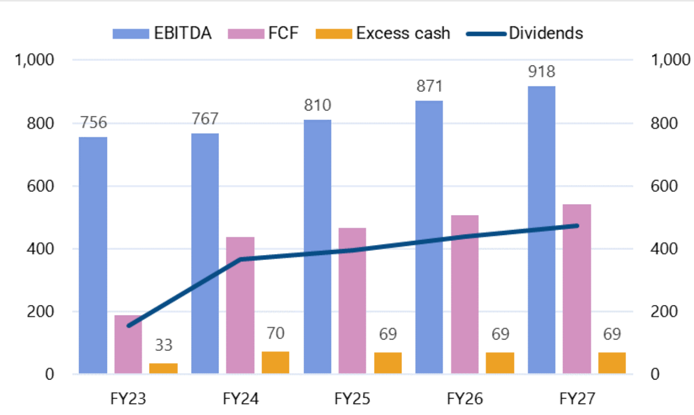
- Our cash flow forecasts are not materially different from consensus. We estimate ~$545m of available bank facilities (Figure 5) that could be drawn down (and potentially the excess cash).

Figure 2: Consensus cash flow forecasts ($m)



Source: Visible Alpha Consensus Data, compiled by Jarden

Figure 3: Jarden cash flow forecasts ($m)



Source: Jarden estimates

Does the capital return create value to the company and shareholders?

As at 31 December 2022, ~$129m cash out of ~$438m total cash was "unrestricted". On our forecasts, TLC will generate ~$70m of free cash flow after dividends in FY24 (Figure 5), implying unrestricted cash of ~$200m; that may be surplus to needs.

Assuming TLC requires its overdraft (maturing May-23) for working capital and capex, we estimate it only has $545m liquidity. We think drawing this down leaves the company in an unnecessary position and that to deliver the current consensus expectation of a $750m capital return would require a fresh facility.

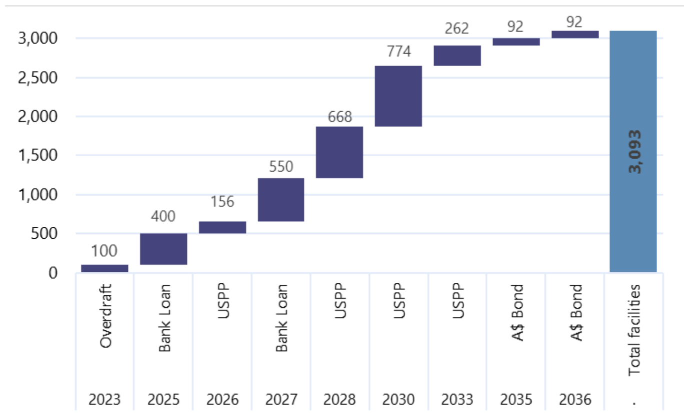
Borrowing money at 5.7% implies a post-tax cost of debt of 3.99% vs a dividend yield of 3.46% (FY25).

Debt maturity profile

The fact that the bank loans mature in 2025 and 2027, in our view, makes it less likely TLC would draw down the facilities to return capital to shareholders. This would likely create its own refinancing risk (Figure 4) and, at the very least, would likely ensure it pays significantly higher interest.

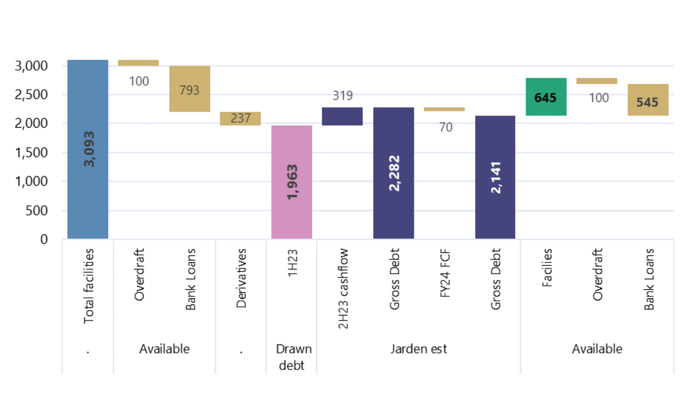
- The spreads on the bank loans are 115-125bps (2025) and 135-145bps (2027), which would likely step up significantly (at maturity) in an event the cash proceeds were paid to shareholders.

Figure 4: TLC debt facilities (A$m)



Source: Company data, Jarden estimates

Figure 5: Jarden drawn debt and cash flow estimates (A$m)



Source: Company data, Jarden estimates

Assuming the market retains the current PE multiple, there appears little share price upside

Swapping equity for debt in a capital structure is not "free" as the company incurs an interest expense. In Figure 6 below, we present pro-forma earnings adjustments assuming $550m debt draw down (at 5.7% interest cost) and $200m cash. In Figure 7, assuming the market was to continue to value the stock at the prevailing PE multiple, in theory, the share price should fall by ~33c offset by the 34cps capital return.

TLC WACC= 7.3% (est); beta = 0.85; MRP = 6.0%; CoE = 8.9%. Target gearing = 30%

This ignores changes in cost of debt/equity in TLC's cost of capital, however

Debt creates fixed costs (interest payments) that make its earnings to equity investors more volatile. This increased earnings volatility increases the equity beta. Increasing a firm's leverage typically increases its funding costs (cost of debt), which may be offset by an increased target debt ratio in the WACC.

Figure 6: Pro-forma impact of $750m capital return ($m)

	FY25	Δ	PF
EBIT	688		688
Interest Income	3.7	-4.5	-0.8
Interest Expense	-119	-31	-150
PBT	573	-36	537
Tax	-172	11	-161
NPAT	401	-25	376
EPS (c)	18.03	-1.13	16.90
PER	28.9x	1.9x	30.8x
Div Yield	3.5%	-0.22%	3.2%

Figure 7: Pro-forma impact to share price ($m)

	FY25	Δ	PF
Market Cap	11,598	-725	10,873
NPAT	401	-25	376
EPS (c)	18.03	-1	16.90
PER	28.9x	0	28.9x
Share Price	$ 5.21	-$ 0.33	$ 4.88
Capital return ($750m) per share			0.34
Share Price loss			-0.33
Net gain per share			0.01

Objective to maintain a strong IG rating

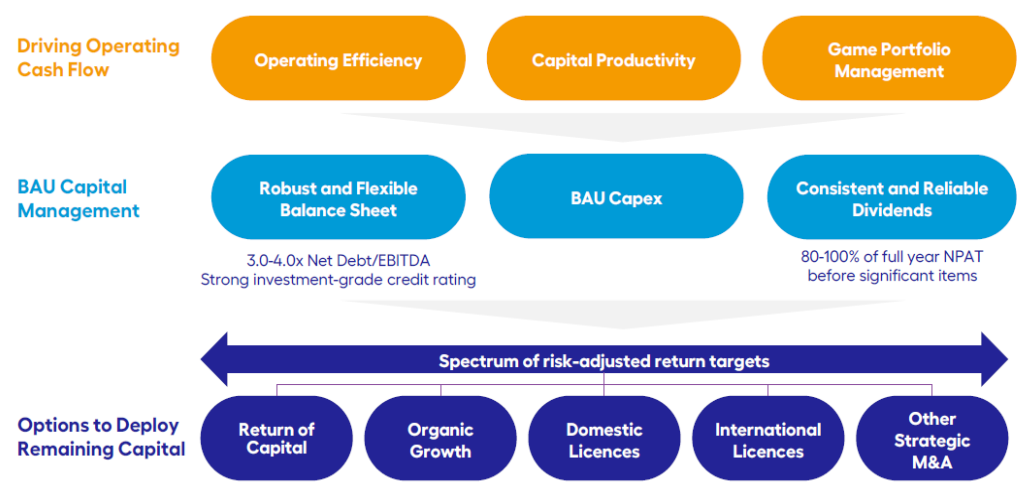
According to S&P Global Ratings (S&P) when it provided the rating in May 2022:

- "TLC has minimal room for any deterioration in the company's business risk profile at the 'BBB+' rating level".
- "We expect TLC to operate with S&P Global Ratings adjusted debt to EBITDA of between 3.5x to 4.0x".
- "We could lower the ratings if we expect S&P Global Ratings' adjusted leverage will remain above 4.0x on a sustained basis". This could occur because of, including but not limited to, a:
  - "shareholder-friendly action".

Following the 1H23 result (22 February 2023), with an increased dividend payout ratio policy, S&P advised its view on the company's credit quality remained unchanged.

TLC has stated its commitment to maintain its "strong investment grade" rating of BBB+

Figure 8: TLC Capital Allocation Framework



Source: The Lottery Corporation Limited

Financial policy is a key driver of a credit rating

If TLC was to gear up and return capital, we think it would likely face a credit rating downgrade

There is limited headroom in the current BBB+ rating according to S&P and we would be surprised if the company would risk a ratings downgrade to return cash to shareholders by borrowing money.

Based on our cross-check methodology (Figure 9), we derive a borderline strong investment grade rating using Moody's methodology for Gaming companies. A key driver (20%) of this outcome is generated by a subjective view of Financial Policy. Moody's guidelines include:

- **Aa** - Expected to have very conservative financial policies (including risk and liquidity management); stable metrics; minimal event risk that would cause a rating transition; and public commitment to a strong credit profile over the long term.
- **A** - Expected to have financial policies (including risk and liquidity management) that preserve creditor interests; although modest event risk exists, the effect on leverage is likely to be small and temporary; strong commitment to a solid credit profile.
- **Baa** - Expected to have financial policies (including risk and liquidity management) that balance the interests of creditors and shareholders; some risk that debt-funded acquisitions or shareholder distributions could lead to a weaker credit profile.
- **Ba** - Expected to have financial policies (including risk and liquidity management) that tend to favor shareholders over creditors; above-average financial risk resulting from shareholder distributions, acquisitions, or other significant capital structure changes.

On our estimates, a total credit score / rating appears sensitive to a change in financial policy

To derive a strong investment grade rating (BBB+ equivalent is Ba1) under Moody's methodology for Gaming companies, we estimate the subjective and qualitative measure for TLC's financial policy is likely an "Aa" equivalent or "very conservative financial policies" and "public commitment to a strong credit profile".

We think a capital return to shareholders would likely see this view downgraded in line with the quantum of a capital return. On our numbers (Figure 10), the combination of weakening Leverage & Coverage ratios from incurring $750m debt combined with a weaker view of Financial Policy may lead to a score implying a Baa3 rating. On our estimates, the company may sustain a more comfortable "investment grade" rating from a smaller debt increase combined with a less aggressive financial policy (Figure 11).

- The limitations of this analysis include subjective measures of Business Profile and Financial Policy, S&P does not score a credit in the same way Moody's does and our assessment of the Moody's credit grid is subjective and carries estimates.

Figure 9: Jarden estimated credit grid

		Weighting	FY23E	FY24E	FY25E
Scale	Revenue (USDb)		2,605	2,585	2,663
	(Rating)	10%	Ba	Ba	Ba
Business Profile	Market Characteristics	10%	Aa	Aa	Aa
	Diversification	10%			
	Market Position	5%	Aa	Aa	Aa
Profitability	EBIT margin		18.0%	18.0%	18.6%
	(Rating)	10%	Ba	Ba	Ba
Leverage & Coverage	Debt / EBITDA		3.3x	3.2x	3.0x
	(Rating)	15%	Baa	Baa	Baa
	EBIT / Interest		5.0x	5.1x	5.5x
	(Rating)	10%	Baa	Baa	Baa
	RCF / Net debt		2%	7%	8%
	(Rating)	10%	Caa	Caa	B
	Financial Policy	20%	Aa	Aa	Aa
	Total Score	**100%**	**Baa1**	**Baa1**	**Baa1**

Source: Jarden estimates

Figure 10: Jarden estimated credit grid ($750m capital return)

		Weighting	FY23E	FY24E	FY25E
Scale	Revenue (USDb)		2,605	2,585	2,663
	(Rating)	10%	Ba	Ba	Ba
Business Profile	Market Characteristics	10%	Aa	Aa	Aa
	Diversification	10%			
	Market Position	5%	Aa	Aa	Aa
Profitability	EBIT margin		18.0%	18.0%	18.6%
	(Rating)	10%	Ba	Ba	Ba
Leverage & Coverage	Debt / EBITDA		3.3x	4.2x	4.0x
	(Rating)	15%	Baa	Baa	Baa
	EBIT / Interest		5.0x	3.8x	4.0x
	(Rating)	10%	Baa	Ba	Ba
	RCF / Net debt		2%	6%	6%
	(Rating)	10%	Caa	Caa	Caa
	Financial Policy	20%	Aa	Ba	Ba
	Total Score	**100%**	**Baa1**	**Baa3**	**Baa3**

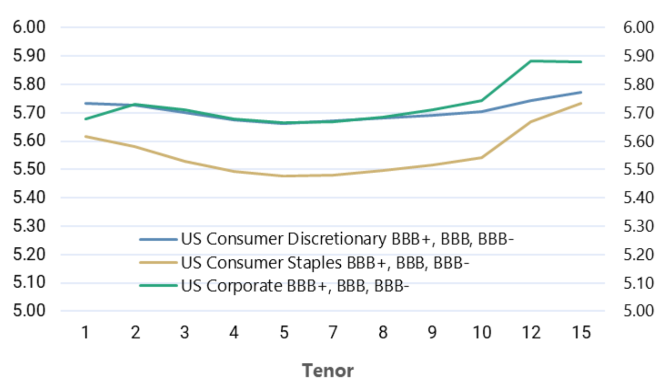
Source: Jarden estimates

Figure 11: Jarden estimated credit grid ($250m capital return)

		Weighting	FY23E	FY24E	FY25E
Scale	Revenue (USDb)		2,605	2,585	2,663
	(Rating)	10%	Ba	Ba	Ba
Business Profile	Market Characteristics	10%	Aa	Aa	Aa
	Diversification	10%			
	Market Position	5%	Aa	Aa	Aa
Profitability	EBIT margin		18.0%	18.0%	18.6%
	(Rating)	10%	Ba	Ba	Ba
Leverage & Coverage	Debt / EBITDA		3.3x	3.5x	3.3x
	(Rating)	15%	Baa	Baa	Baa
	EBIT / Interest		5.0x	4.6x	4.9x
	(Rating)	10%	Baa	Ba	Ba
	RCF / Net debt		2%	7%	7%
	(Rating)	10%	Caa	Caa	Caa
	Financial Policy	20%	Aa	A	A
	Total Score	**100%**	**Baa1**	**Baa2**	**Baa2**

Source: Jarden estimates

Figure 12: US Corporate bond yields (%, tenor in years)



Source: Bloomberg, data compiled by Jarden

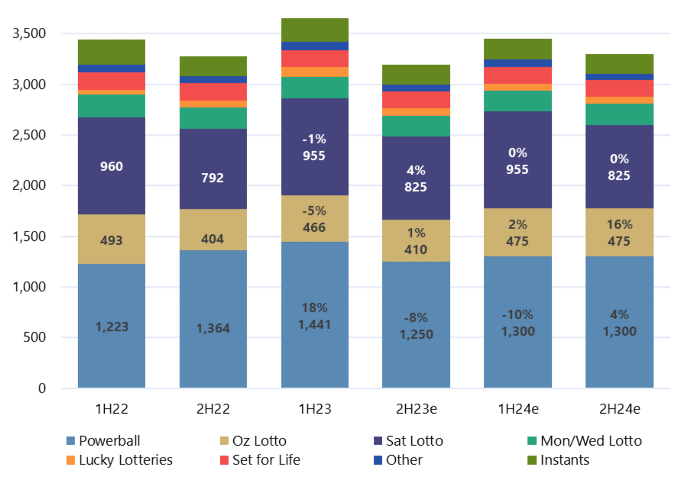
Revisiting earnings estimates

We make no adjustments to our operating earnings assumptions, maintaining our forecast of negative YoY revenue growth for 2H23 and 1H24 cycling strong pcps (Figure 13).

Powerball jackpots value is down ~63% YTD and Oz Lotto down ~32%.

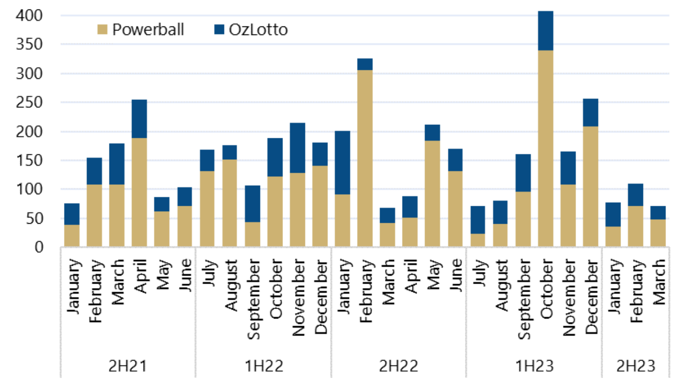
- On our numbers, Powerball would likely need a similar accelerated jackpot sequence (and ~60th percentile jackpot outcomes) to that of 2H23 to achieve growth YoY.

Figure 13: Lottery Product Turnover forecasts ($m)



Source: Company data, Jarden estimates

Figure 14: Cumulative Jackpots ($m)



Source: The Lott, data compiled by Jarden

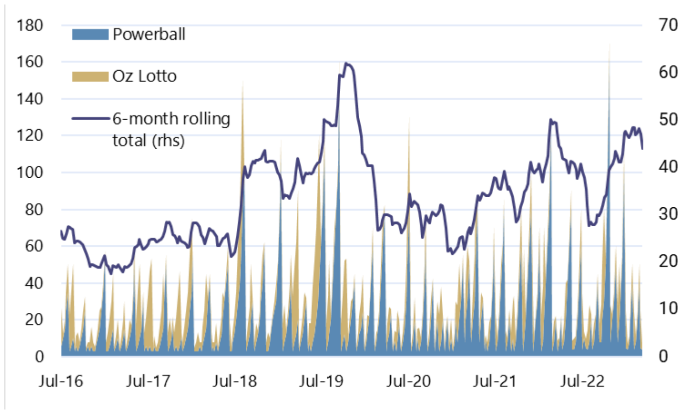
- We have made slight adjustments to our net interest income estimates, which increases our forecast FY23-25 EPS by ~1-2% (Figure 15).

Figure 15: Adjustments to earnings forecasts ($m)

	FY23E			FY24E			FY25E		
	Old	New	Δ	Old	New	Δ	Old	New	Δ
Revenue	3,618	3,618	0%	3,591	3,591	0%	3,698	3,698	0%
EBITDA	756	756	0%	767	767	0%	810	810	0%
EBIT	650	650	0%	646	646	0%	688	688	0%
Adjusted NPAT	363	367	1%	366	372	2%	395	401	2%
EPS	0.16	0.16	1%	0.16	0.17	2%	0.18	0.18	2%
Dividend (cps)	15.9	16.1	1%	16.4	16.7	2%	17.8	18.0	2%
FCF	188	191	2%	436	442	1%	464	470	1%
Net Interest	-129	-124	-4%	-124	-115	-7%	-124	-115	-7%
D&A	-106	-106	0%	-121	-121	0%	-121	-121	0%
EBITDA margin	20.9%	20.9%	0bps	21.4%	21.4%	0bps	21.9%	21.9%	0bps
EBIT margin	18.0%	18.0%	0bps	18.0%	18.0%	0bps	18.6%	18.6%	0bps

Source: Jarden estimates

Figure 16: Cumulative Jackpots ($m)



Source: The Lott, data compiled by Jarden

Move to Sell on market expectations and valuation: No change to TP ($4.17)

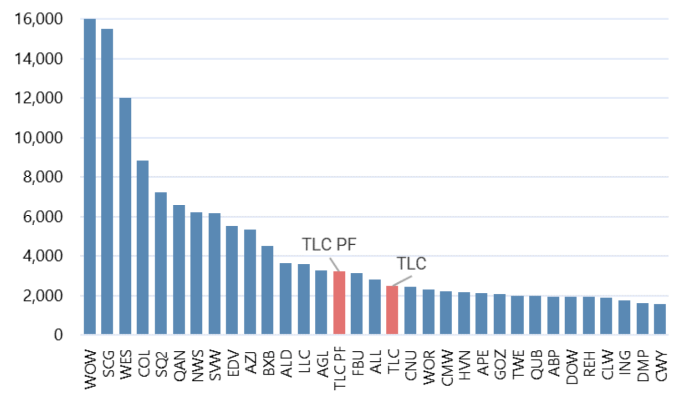
We see downward risks to consensus earnings/capital return expectations. Notwithstanding the Powerball price increase, we think the last 12 months of jackpots and turnover are outliers, highlighted by YTD jackpot value down 63% YoY, which turnover would be outpacing.

We make no adjustments to our cash flow forecasts given our unchanged operating earnings.

- With TLC trading at a FCF yield of 4.1% (FY24E consensus) we move our rating to Sell. No change to 12-month DCF-based TP of $4.17 (WACC 7.7%, TGR 2.5%).

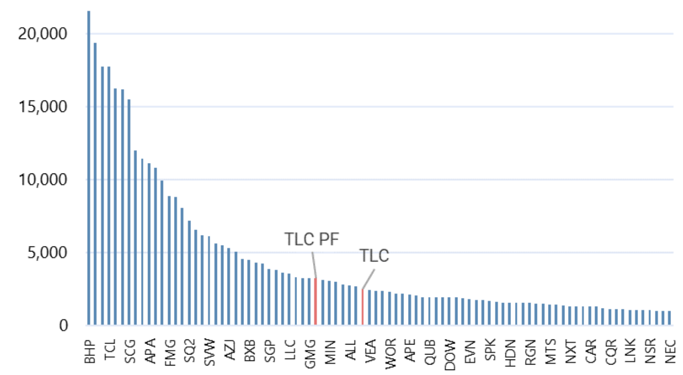
Graphs and tables

Figure 17: Total debt ($m) - compcos vs TLC (last reported)



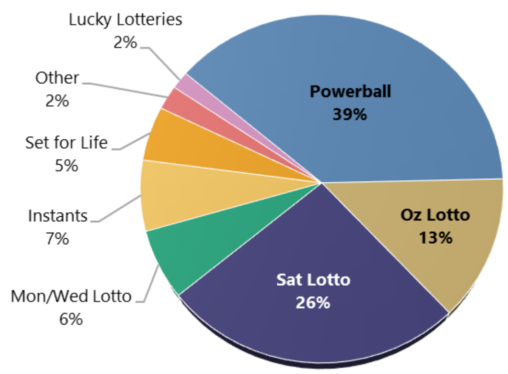
Source: Bloomberg, data compiled by Jarden
Note: Excl. mining, energy, telco, utilities, property, healthcare. TLC PF is debt at 31 December 2022 + $750m

Figure 18: Total debt ($m) - S&P/ASX200 vs TLC (last reported)



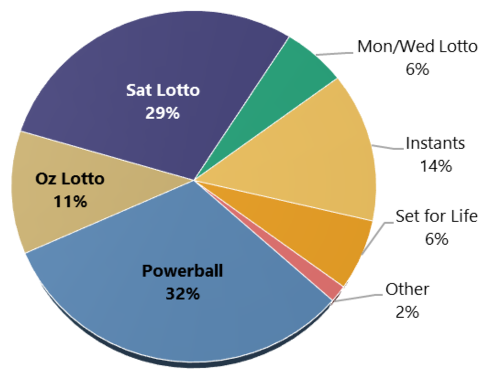
Source: Bloomberg, data compiled by Jarden
Note: TLC PF is debt at 31 December 2022 + $750m

Figure 19: TLC FY22 turnover by product mix



Source: Company data

Figure 20: LotteryWest FY22 revenue by product mix



Source: Company data

Figure 21: Net debt to Gross State Product

Source: State Treasury (various), data compiled by Jarden

Figure 22: Borrowings to Gross State Product

Source: State Treasury (various), data compiled by Jarden

Figure 23: US Industry WACCs adjusted for Jarden RFR and ERP assumptions (as of 5 January 2023)

Industry Name	*Number of Firms*	*Beta*	*Cost of Equity*	*E/(D+E)*	*Std Dev in Stock*	*Cost of Debt*	*After-tax Cost of Debt*	*D/(D+E)*	*Cost of Capital*
Retail (Grocery and Food)	13	0.67	7.76%	60.31%	28.26%	5.37%	3.76%	39.69%	6.17%
Beverage (Alcoholic)	23	1.01	9.83%	81.36%	49.87%	5.37%	3.76%	18.64%	8.70%
Business & Consumer Services	164	1.17	10.78%	78.45%	45.78%	5.37%	3.76%	21.55%	9.26%
Beverage (Soft)	31	1.30	11.57%	86.75%	41.72%	5.37%	3.76%	13.25%	10.54%
Entertainment	110	1.45	12.45%	75.03%	57.81%	5.75%	4.03%	24.97%	10.35%
Hotel/Gaming	69	1.46	12.51%	60.03%	38.05%	5.37%	3.76%	39.97%	9.01%

Source: New York University, Jarden estimates

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Charter Hall Retail REIT (CQR.AX, AUD3.83, Overweight, TP AUD4.55)

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Stockland Corporation Limited (SGP.AX, AUD3.70, Underweight, TP AUD3.70)

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Transurban Group Limited (TCL.AX, AUD14.22, Underweight, TP AUD12.40)

Treasury Wine Estates Limited (TWE.AX, AUD12.97, Overweight, TP AUD13.20)

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Jarden global equity coverage universe

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