

### Analyst

Stuart Howe 613 9235 1856

### Associate

Joseph House 613 9235 1624

### Authorisation

Peter Arden 613 9235 1833

# Alpha HPA (A4N)

## Quarterly update: More than HPA

### Recommendation

**Buy** (unchanged)

### Price

**\$0.39**

### Valuation

**\$0.56** (previously \$0.42)

### Risk

**Speculative**

### GICS Sector

Materials

### Expected Return

Capital growth	<b>44%</b>
Dividend yield	<b>0%</b>
Total expected return	<b>44%</b>

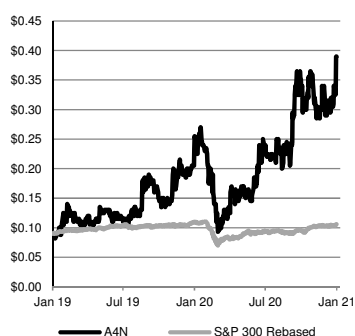
### Company Data & Ratios

Enterprise value	<b>\$265m</b>
Market cap	<b>\$270m</b>
Issued capital	<b>692m</b>
Free float	<b>86%</b>
Avg. daily val. (52wk)	<b>\$277,931</b>
12 month price range	<b>\$0.086-\$0.39</b>

### Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.34	0.33	0.21
Absolute (%)	14.7	20.0	90.2
Rel market (%)	12.2	10.2	93.4

### Absolute Price



SOURCE: IRESS

### Commercial opportunities grow; pre-development continues

A4N's quarterly update continues to highlight the broader application of the HPA First process across multiple product streams and end-user applications. Commercial relationships with key battery technology industry participants continue to develop. Despite delays to the signing of a definitive agreement with chemical partner Orica Ltd, progress is being made for completion in the current quarter. A4N continues to work through project approvals and engage with potential Government-backed and commercial lending institutions and EPCM contractors.

At the end of the quarter the group had cash of \$4.9m and no debt.

### Optimising project through development the key challenge

Market outreach increasingly demonstrates commercial value in the HPA First project. A4N now have to optimise and determine the project's product mix and development strategy. The introduction of precursor products which are separated earlier in the HPA First process should lead to a simpler project and capital cost savings. We expect key project parameters to be finalised over the next few months, enabling binding offtake contracts and financing agreements to be reached and a final investment decision by mid-2021.

### Investment view: Speculative Buy, Valuation \$0.56/sh

Our Buy, Speculative recommendation is supported by the potential for A4N's HPA First Project to generate significant free cash flow through supplying speciality products to the lithium-ion battery and LED manufacturing sectors. A4N provides value leverage to the electric vehicle, renewable energy and emerging LED technology sectors. Our valuation of \$0.56/sh (previously \$0.42/sh) is now a blend of our base and bull case valuations to take into account the multiple new products and markets A4N are developing for the HPA First process.

A4N is a development company with prospective operations and cash flows only. Our Speculative risk rating recognises this higher level of risk and volatility of returns.

### Earnings Forecast

Year ending 30 June	2021e	2022e	2023e	2024e
Sales (A\$m)	-	-	57	197
EBITDA (A\$m)	(2)	(2)	27	123
NPAT (reported) (A\$m)	(2)	(16)	(1)	67
NPAT (adjusted) (A\$m)	(2)	(16)	(1)	67
EPS (adjusted) (cps)	(0.2)	(1.3)	(0.1)	5.4
EPS growth (%)	na	na	na	na
PER (x)	-186.7x	-30.4x	-730.1x	7.2x
FCF Yield (%)	-28%	-48%	-2%	9%
EV/EBITDA (x)	-132.6x	-132.6x	9.8x	2.2x
Dividend (cps)	-	-	-	3.0
Yield (%)	0%	0%	0%	8%
Franking (%)	-	-	-	-
ROE (%)	-2%	-9%	0%	38%

SOURCE: BELL POTTER SECURITIES ESTIMATES

# HPA product suite expanded

## Key commercial snippets from the quarterly

- A4N's prospective product range has expanded from high-purity alumina (HPA) and boehmite to also include two high-purity aluminium precursors with a range of applications across the lithium ion battery and LED lighting markets.
- Potential HPA First product end-user interest and engagement increased significantly towards the end of 2020 and is escalating in the current quarter.
- A4N made initial sales of 5N (99.999%) purity aluminium precursor products into speciality markets and continued to respond to market demand for test samples across its range of products. The initial commercial sale of 0.5kg of 5N purity aluminium precursor product was at a price of US\$985/t. Further sales orders for small quantities of 5N aluminium precursor products (60kg) have now averaged a price of US\$496/kg (US\$496,000/t).
- A4N has developed and manufactured a high purity, aluminium bearing cathode precursor for commercial use in the manufacture of nickel-cobalt-aluminium (NCA) and nickel-cobalt-manganese-aluminium (NCMA) lithium ion battery cathode chemistries. These NCA and NCMA chemistries are expected to dominate the lithium ion battery market.
- A memorandum of understanding (MoU) with Rhineland Specialties Inc with respect to marketing and wholesaling A4N's range of high-purity aluminium products to speciality markets in North America.
- Product development initiatives have yielded five potential new products for use in sapphire glass manufacturing and the lithium ion battery supply chain including cathode manufacturers.

**Table 1 – Current HPA First project product list**

Product	Industry	Applications
HPA pellets and powder	Consumer electronics & LED lighting	Synthetic sapphire wafer used as a LED substrates
HPA powder	Li-ion batteries	Ceramic coating of Li-ion batteries separators and Li-ion batteries electrode coating
Boehmite	Li-ion batteries	Ceramic coating of Li-ion batteries separators
Al-precursor #1	LED lighting and Li-ion batteries	Aluminium phosphors and Li-ion battery electrode pre-cursors
Al-precursor #2	Li-ion batteries	Li-ion battery electrode pre-cursors

SOURCE: COMPANY DATA

**Table 2 - List of HPA First Project commercial arrangements**

Stakeholder	Nature of relationship	Stage
Orica Ltd (ORI)	Supply and off-take of reagents and by-products	MoU, definitive agreement expected to be signed in the March 2021 quarter
Traxys	HPA offtake and/ore marketing agreements Working capital financing and logistics Potential direct investment	Non-binding MoU
Rhineland Specialties Inc	Marketing and wholesaling	Non-binding MoU

SOURCE: COMPANY DATA

## Permitting: Approval decision in the current quarter

An approval decision for the HPA First Development Decision is expected from the Queensland Government in the March 2021 quarter. During the quarter, A4N formally lodged the State Development Area Approval (Development Permit) for the 10ktpa HPA

processing plant in Yarwun. The application was supported by studies covering: air quality; noise; traffic; water management; ecology and risks.

On Development Permit approval, A4N will lodge an Environmental Authority Application.

### Finance and development partners being courted

In order to finalise funding for the HPA First project, A4N will need to demonstrate conditions precedent including project approvals, a binding agreement with its chemical counterparty and binding product offtake agreements. A4N are progressing discussions with Australian Commonwealth Government lenders (which we understand to be the Northern Australia Infrastructure Facility (NAIF) and the Clean Energy Finance Corporation (CEFC)) and also with domestic and international institutional lenders.

A4N have also sought expressions of interest from selected engineering, procurement and construction management contractors.

### Orica definitive Supply and Offtake Agreement

Orica Ltd (ORI) and A4N continue to finalise a definitive agreement despite lapsing of the MoU exclusivity period on 31 December 2020. The agreement seeks to define volumes and pricing mechanisms for the supply of key HPA First project reagents and the offtake of by-products produced. A4N expect to complete a definitive agreement in the March 2021 quarter.

### Quarterly cash flow summary

At 30 December 2020, A4N had cash of \$4.9m and no debt.

**Table 3 - Quarterly cash flow summary \$k**

Quarter ending	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Development	-568	-711	-681	-604	-263	-774	-1,216	-1,201	-1,908	-871	-2,014	-1,813
Staff, administration & corporate	-412	-323	-398	-267	-400	-551	-598	-479	-586	-372	-618	-474
R&D refunds	0	0	0	0	0	0	234	684	0	0	0	0
Other operating	-207	-59	14	11	8	5	106	106	6	3	22	4
<b>Total operating cash flows</b>	<b>-1,187</b>	<b>-1,093</b>	<b>-1,065</b>	<b>-860</b>	<b>-655</b>	<b>-1,320</b>	<b>-1,474</b>	<b>-890</b>	<b>-2,488</b>	<b>-1,240</b>	<b>-2,610</b>	<b>-2,283</b>
<b>Total investing cash flows</b>	<b>0</b>	<b>0</b>	<b>50</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Proceeds from shares net of costs	0	0	3,927	-17	0	0	4,424	2,076	0	7,000	0	0
Other financing cash flows	18	0	83	99	35	28	40	39	37	-231	31	1,800
<b>Total financing cash flows</b>	<b>18</b>	<b>0</b>	<b>4,010</b>	<b>82</b>	<b>35</b>	<b>28</b>	<b>4,464</b>	<b>2,115</b>	<b>37</b>	<b>6,769</b>	<b>31</b>	<b>1,800</b>
Beginning cash balance	2,615	1,446	353	3,282	2,604	1,984	692	3,682	4,907	2,456	7,984	5,405
Total change in cash	-1,169	-1,093	2,995	-678	-620	-1,292	2,990	1,225	-2,451	5,529	-2,579	-483
<b>Ending cash balance</b>	<b>1,446</b>	<b>353</b>	<b>3,282</b>	<b>2,604</b>	<b>1,984</b>	<b>692</b>	<b>3,682</b>	<b>4,907</b>	<b>2,456</b>	<b>7,984</b>	<b>5,405</b>	<b>4,922</b>

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

# Valuation & methodology

## Risked & diluted valuation summary

Our base-case risked and diluted A4N valuation is now \$0.56/sh and is the blend of our base case and bull case analysis. We believe that this valuation blend is justified by the value which could be generated from additional HPA First process products and applications which were not considered in the HPA First definitive feasibility study.

This valuation considers the risks and dilution required to generate cash flow for shareholders from A4N's HPA First Project.

- **Earnings multiple valuation:** Applies an EV/EBITDA multiple of 7.0x to our estimate of A4N's future steady-state pre-tax cash flow. This multiple is informed by the multiples of chemical manufacturing companies listed on both the ASX and globally. We have discounted this EV multiple valuation to account for the time to steady-state earnings and subtracted the DFS estimate of the HPA First Project's capital cost.
- **Project NPV (unrisked):** Assesses a 20-year project with start-up capital of \$308m and annual EBITDA averaging \$183m (base case). We assume a discount rate of 12% and other parameters consistent with the HPA First Project DFS.
- **Permitting and construction risks:** Consistent with projects of this maturity (i.e. DFS stage), we have applied a discount to the project NPV of 20% to account for construction, permitting and counterparty risks.
- **Financing risks and capital dilution:** We have included the dilution from A4N's in-the-money options and a \$5m equity raising at a 15% discount to the current share price.

<b>Table 4 - Risked &amp; diluted valuation</b>				
<b>Valuation case</b>		<b>Bear case</b>	<b>Base case</b>	<b>Bull case</b>
<b>4N HPA price assumption US\$/t</b>		<b>US\$15,000/t</b>	<b>US\$20,000/t</b>	<b>US\$25,000/t</b>
Discount rate	12%			
Exchange rate US\$/A\$ (long term)	0.74			
<b>EV/EBITDA multiple valuation</b>				
EBITDA/year (steady state) \$m		115	183	250
EV/EBITDA multiple	7.0x			
EV T=0 \$m		808	1,280	1,753
Years to steady state	5.0			
Time discount multiple x	0.57x			
EV at T-5 \$m, before capital costs		458	727	995
Less: Project capital cost (undiscounted) \$m	308			
<b>EV from EV/EBITDA method \$m</b>		<b>150</b>	<b>419</b>	<b>687</b>
<b>EV from NPV method \$m</b>		<b>91</b>	<b>346</b>	<b>602</b>
<b>Blended project value (50% NPV, 50% EV/EBITDA) \$m</b>		<b>121</b>	<b>382</b>	<b>644</b>
PV future corporate / admin expenses \$m	-\$16.7m			
Risk discount to account for project stage % / \$m	20%	-24	-76	-129
<b>EV (risked) A\$m</b>		<b>80</b>	<b>289</b>	<b>499</b>
Net debt / (cash) \$m	-\$4.9m			
<b>Equity value (risked, undiluted) \$m</b>		<b>85</b>	<b>294</b>	<b>504</b>
Assumed capital raise \$m	\$5.0m			
Assumed raise price \$/sh (15% discount)	\$0.33/sh			
Current shares on issue m	692			
In the money options m	66			
Assumed capital raising dilution m	15			
<b>Diluted shares on issue m</b>	<b>773</b>			
Net debt / (cash) (including options & raising) A\$m	-\$29.8m			
<b>Equity value (risked, diluted) \$m</b>		<b>110</b>	<b>319</b>	<b>529</b>
<b>Equity value (risked, diluted) \$/sh</b>		<b>0.15</b>	<b>0.42</b>	<b>0.69</b>
Current share price	\$0.39/sh			
Valuation/Price		0.4x	1.1x	1.8x
<b>Average valuation Base case and Bull case \$/sh</b>				<b>0.56</b>

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

# Alpha HPA Ltd summary

## Company description

A4N's HPA First Project is aiming to supply high-purity alumina (HPA) at a purity of greater than 99.99% (or 4N) to the lithium-ion battery and light emitting diode (LED) manufacturing sectors. The project's proprietary technology is expected to disrupt incumbent HPA production through significantly lower unit costs. Results of a definitive feasibility study (DFS) announced in March 2020 outlined a 10,000tpa 4N HPA project with a capital cost of \$308m and pre-tax annual cash flow of \$133-280m at 4N HPA prices ranging US\$15,000-25,000/t (prices are currently around \$24,000/t).

HPA First is a solvent extraction process using an aluminium chemical feedstock purchased on globally traded markets. Orica Ltd (ORI) and A4N are advancing a definitive agreement for ORI's supply of process reagents and for by-product offtake. This agreement has required significant third party due diligence of the HPA First process. A 20-year partnership between A4N and ORI is being considered.

## Investment thesis: Speculative Buy, Valuation \$0.56/sh

Our Buy, Speculative recommendation is supported by the potential for A4N's HPA First Project to generate significant free cash flow through supplying speciality products to the lithium-ion battery and LED manufacturing sectors. A4N provides value leverage to the electric vehicle, renewable energy and emerging LED technology sectors. Our valuation of \$0.56/sh is now a blend of our base case and bull case valuations to take into account the multiple new products and markets A4N are exploring for products which can be produced by the HPA First process.

A4N is a development company with prospective operations and cash flows only. Our Speculative risk rating recognises this higher level of risk and volatility of returns.

## Valuation methodology

We have modelled the HPA First Project using assumptions consistent with the March 2020 DFS. We have employed a blended valuation of:

- EV/EBITDA multiple applied to steady state earnings, discounted to present value, less a capital cost assumption; and
- NPV of a 20 year project (consistent with expected ORI agreement).

Other adjustments to our valuation include:

- A 20% risk discount to account for project stage;
- An allowance for corporate and administration costs;
- The conversion of in-the-money options; and
- A \$5m capital raise before the end of June 2021 at a 15% discount to the current share price for corporate working capital purposes.

## Risks

Risk to an investment in A4N include, but are not limited to:

- **Commodity price and exchange rate fluctuations.** The future earnings and valuations of development and operating assets and companies are subject to fluctuations in underlying commodity prices and foreign currency exchange rates.
- **Technology:** Projects may be reliant on commercialisation of new production processes and methodologies which have yet been proven on a large scale. Technology may be replicated by competitors resulting in a loss of market share.
- **Infrastructure access.** Projects are reliant upon access to transport and pipeline infrastructure. Access to infrastructure is often subject to contractual agreements, permits and capacity allocations. Agreements are typically long-term in nature. Infrastructure can be subject to outages as a result of weather events or the actions of third party providers.
- **Operating and capital cost fluctuations.** Markets for raw material inputs and labour can fluctuate and cause significant differences between planned and actual operating and capital costs. Key operating costs are linked to commodity and labour markets. Companies are also exposed to costs associated with future land rehabilitation.
- **Sovereign risks.** Companies' assets are subject to the sovereign risk of the country of location and may also be exposed to the sovereign risks of major offtake customers.
- **Regulatory changes.** Changes to the regulation of infrastructure and taxation (among other things) can impact the earnings and valuations of companies.
- **Environmental risks.** Companies are exposed to risks associated with environmental degradation as a result of their production processes.
- **Operating and development risks.** Companies' assets are subject to risks associated with their operation and development. Development assets can be subject to approvals timelines or weather events, causing delays to commissioning and commercial production.
- **Occupational health and safety (OH&S) risks.** Companies are exposed to OH&S risks.
- **Funding and capital management risks.** Funding and capital management risks can include access to debt and equity finance, maintaining covenants on debt finance, managing dividend payments and managing debt repayments.
- **Merger/acquisition risks.** Risks associated with value transferred during merger and acquisition activity.
- **Impact of pandemic infection such as Coronavirus disease (COVID-19).** This may have an adverse impact on the macro economic factors, including the mobility of labour, which can impact asset valuations.

Table 5 - Financial summary

Date	22/01/21						Bell Potter Securities						
Price	AS/sh 0.390						Stuart Howe (showe@bellpotter.com.au, +61 3 9235 1856)						
Valuation	AS/sh 0.42												
<b>PROFIT AND LOSS</b>							<b>FINANCIAL RATIOS</b>						
Year ending 30 June	Unit	2020a	2021e	2022e	2023e	2024e	Year ending 30 June	Unit	2020a	2021e	2022e	2023e	2024e
Revenue	\$m	0	-	-	57	197	<b>VALUATION</b>						
Expenses	\$m	(10)	(2)	(2)	(30)	(74)	EPS	Ac/sh	(2)	(0)	(1)	(0)	5
<b>EBITDA</b>	\$m	<b>(10)</b>	<b>(2)</b>	<b>(2)</b>	<b>27</b>	<b>123</b>	EPS growth (Acps)	%	na	na	na	na	na
Depreciation & amortisation	\$m	(0)	-	(8)	(16)	(16)	PER	x	-26.0x	-186.7x	-30.4x	-730.1x	7.2x
EBIT	\$m	(10)	(2)	(10)	11	107	DPS	Ac/sh	-	-	-	-	3.0
Net interest expense	\$m	0	-	(6)	(12)	(12)	Franking	%	0%	0%	0%	0%	0%
Profit before tax	\$m	(10)	(2)	(16)	(1)	95	Yield	%	0%	0%	0%	0%	8%
Tax expense	\$m	-	-	-	-	(29)	FCF/share	Ac/sh	(0.9)	(11.1)	(18.6)	(0.8)	3.4
<b>NPAT (reported)</b>	\$m	<b>(10)</b>	<b>(2)</b>	<b>(16)</b>	<b>(1)</b>	<b>67</b>	FCF yield	%	-2%	-28%	-48%	-2%	9%
<b>NPAT (adjusted)</b>	\$m	<b>(10)</b>	<b>(2)</b>	<b>(16)</b>	<b>(1)</b>	<b>67</b>	EV/EBITDA	x	-27.7x	-132.6x	-132.6x	9.8x	2.2x
<b>CASH FLOW STATEMENT</b>							<b>LIQUIDITY &amp; LEVERAGE</b>						
Year ending 30 June	Unit	2020a	2021e	2022e	2023e	2024e	Net debt / (cash)	\$m	(8)	(69)	161	171	166
<b>OPERATING CASH FLOW</b>							Net debt / Equity	%	-76%	-39%	101%	108%	88%
Receipts from customers	\$m	-	0	-	45	169	Net debt / Net debt + Equity	%	-325%	-65%	50%	52%	47%
Payments to suppliers and employees	\$m	(2)	(2)	(2)	(27)	(70)	Net debt / EBITDA	x	0.8x	34.4x	-80.5x	6.3x	1.3x
Tax paid	\$m	-	-	-	-	(29)	EBITDA / net int expense	x	261.6x	0.0x	-0.3x	2.3x	10.2x
Net interest	\$m	0	-	(6)	(12)	(12)	<b>PROFITABILITY RATIOS</b>						
Other	\$m	1	-	-	-	-	EBITDA margin	%	-3083%	na	na	48%	62%
<b>Operating cash flow</b>	\$m	<b>(0)</b>	<b>(2)</b>	<b>(8)</b>	<b>7</b>	<b>59</b>	EBIT margin	%	-3083%	na	na	20%	54%
<b>INVESTING CASH FLOW</b>							Return on assets	%	-121%	-2%	-6%	0%	17%
Capex	\$m	(5)	(104)	(222)	(16)	(16)	Return on equity	%	-131%	-2%	-9%	0%	38%
Acquisitions	\$m	(0)	-	-	-	-	<b>ASSUMPTIONS - Prices (nominal)</b>						
Other	\$m	(0)	-	-	-	-	Year ending 30 June	Unit	2020a	2021e	2022e	2023e	2024e
<b>Investing cash flow</b>	\$m	<b>(5)</b>	<b>(104)</b>	<b>(222)</b>	<b>(16)</b>	<b>(16)</b>	4N HPA price	US\$/t	20,000	20,000	20,000	20,000	20,000
<b>FINANCING CASH FLOW</b>							4N HPA price	A\$/t	29,100	28,571	27,586	27,211	27,027
Debt proceeds/(repayments)	\$m	-	-	200	-	-	FX	US\$/A\$	0.69	0.70	0.73	0.74	0.74
Dividends paid	\$m	-	-	-	-	(37)	<b>ASSUMPTIONS - Sales (equity)</b>						
Proceeds from share issues (net)	\$m	13	167	-	-	-	Year ending 30 June	Unit	2018a	2019a	2020e	2021e	2022e
Other	\$m	0	-	-	-	-	4N HPA sales	kt	-	-	-	2.10	7.30
<b>Financing cash flow</b>	\$m	<b>13</b>	<b>167</b>	<b>200</b>	<b>-</b>	<b>(37)</b>	<b>VALUATION - Average valuation Base case and Bull case</b>						
<b>Change in cash</b>	\$m	<b>7</b>	<b>61</b>	<b>(30)</b>	<b>(10)</b>	<b>5</b>	HPA First Project (unrisked)					<b>Base</b>	<b>Bull</b>
Free cash flow	\$m	(6)	(106)	(230)	(10)	42	Multiple valuation (EV/EBITDA) x / \$m				7.0x	419	687
<b>BALANCE SHEET</b>							NPV \$m					346	602
Year ending 30 June	Unit	2020a	2021e	2022e	2023e	2024e	<b>Blended project value (50% NPV, 50% EV/EBITDA) \$m</b>					<b>362</b>	<b>644</b>
<b>ASSETS</b>							Risk discount to account for project stage % / \$m				20%	(76)	(129)
Cash	\$m	8	69	39	29	34	PV future corporate / admin expenses \$m					(17)	(17)
Receivables	\$m	0	-	-	11	39	<b>A4N risked EV</b>					<b>289</b>	<b>499</b>
Inventories	\$m	-	0	0	3	7	Assumed capital raise \$m				\$5.0m		
Capital assets	\$m	3	106	320	321	321	Assumed raise price \$/sh (15% discount)				\$0.33/sh		
Other assets	\$m	0	0	0	0	0	Current shares on issue m					692	
<b>Total assets</b>	\$m	<b>11</b>	<b>176</b>	<b>360</b>	<b>365</b>	<b>403</b>	In the money options m					66	
<b>LIABILITIES</b>							Assumed capital raising dilution m					15	
Creditors	\$m	1	0	0	6	15	<b>Diluted shares on issue m</b>					<b>773</b>	
Borrowings	\$m	-	-	200	200	200	Net debt / (cash) (including options & raising) A\$m				(30)		
Provisions	\$m	-	-	-	-	-	<b>Equity value (risked, diluted) \$m</b>					<b>319</b>	<b>529</b>
Other liabilities	\$m	-	-	-	-	-	<b>Equity value (risked, diluted) \$/sh</b>					<b>0.42</b>	<b>0.69</b>
<b>Total liabilities</b>	\$m	<b>1</b>	<b>0</b>	<b>200</b>	<b>206</b>	<b>215</b>	Current share price				\$0.39/sh		
<b>NET ASSETS</b>							Valuation/Price					1.1x	1.8x
Share capital	\$m	48	215	215	215	215	<b>Average valuation Base case and Bull case \$/sh</b>						<b>0.56</b>
Reserves	\$m	4	4	4	4	4							
Accumulated losses	\$m	(41)	(43)	(59)	(59)	(30)							
Non-controlling interest	\$m	(1)	(1)	(1)	(1)	(1)							
<b>SHAREHOLDER EQUITY</b>	\$m	<b>10</b>	<b>175</b>	<b>159</b>	<b>159</b>	<b>188</b>							
Weighted average shares	m	624	957	1,234	1,234	1,234							

SOURCE: BELL POTTER SECURITIES ESTIMATES



**Recommendation structure**

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

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

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

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

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

**Research Team**

Staff Member	Title/Sector	Phone	@bellpotter.com.au
TS Lim	Joint Head of Research/Banks	612 8224 2810	tslim
Chris Savage	Joint Head of Research/Industrials	612 8224 2835	csavage
<b>Analysts</b>			
Lafitani Sotiriou	Diversified Financials/Fintech	613 9235 1668	lsotiriou
John Hester	Healthcare	612 8224 2871	jhester
Tanushree Jain	Healthcare	612 8224 2849	tnjain
Elyse Shapiro	Healthcare	613 9235 1877	eshapiro
Steven Anastasiou	Industrials	613 9235 1952	sanastasiou
James Filius	Industrials	613 9235 1612	jfilius
Sam Haddad	Industrials	612 8224 2819	shaddad
Alex McLean	Industrials	612 8224 2886	amclean
Hamish Murray	Industrials	613 9235 1813	hmurray
Jonathan Snape	Industrials	613 9235 1601	jsnape
Damien Williamson	Industrials	613 9235 1958	dwilliamson
Peter Arden	Resources	613 9235 1833	parden
David Coates	Resources	612 8224 2887	dcoates
Stuart Howe	Resources	613 9235 1856	showe
<b>Associate</b>			
Joseph House	Associate Analyst	613 9235 1624	jhouse
Sam Brandwood	Associate Analyst	612 8224 2850	sbrandwood

**Bell Potter Securities Limited**  
ACN 25 006 390 7721  
Level 29, 101 Collins Street  
Melbourne, Victoria, 3000  
Telephone +61 3 9256 8700  
[www.bellpotter.com.au](http://www.bellpotter.com.au)

**Bell Potter Securities (HK) Limited**  
Room 1701, 17/F  
Prosperity Tower, 39 Queens Road  
Central, Hong Kong, 0000  
Telephone +852 3750 8400

**Bell Potter Securities (US) LLC**  
Floor 39  
444 Madison Avenue, New York  
NY 10022, U.S.A  
Telephone +1 917 819 1410

**Bell Potter Securities (UK) Limited**  
16 Berkeley Street  
London, England  
W1J 8DZ, United Kingdom  
Telephone +44 7734 2929

**The following may affect your legal rights. Important Disclaimer:**

This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of Bell Potter Securities Limited. In the USA and the UK this research is only for institutional investors. It is not for release, publication or distribution in whole or in part to any persons in the two specified countries. **In Hong Kong**, this research is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. **In the United States**, this research is issued and distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

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

While this document is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in the document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views opinions, or recommendations contained in this document or for correcting any error or omission which may become apparent after the document has been issued.

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

**Research Policies:**

For Bell Potter's Research Coverage Decision Making Process and Research Independence Policy, please refer to our company website:

<https://bellpotter.com.au/research-independence-policy/>

**Disclosure of interest:**

Bell Potter Securities Limited, its employees, consultants and its associates within the meaning of Chapter 7 of the Corporations Law may receive commissions, underwriting and management fees from transactions involving securities referred to in this document (which its representatives may directly share) and may from time to time hold interests in the securities referred to in this document.

Disclosure: Bell Potter Securities acted as lead manager of A4N's \$3.5m placement in July 2019 and received fees for that service.

**ANALYST CERTIFICATION**

Each research analyst primarily responsible for the content of this research report, in whole or in part, certifies that with respect to each security or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about those securities or issuers and were prepared in an independent manner and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that research analyst in the research report.