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Amalgamated Holdings (AHD)

Play on key travel themes plus cinema

Recommendation
Buy (Initiation)
Price
$13.63
Target (12 months)
$15.82

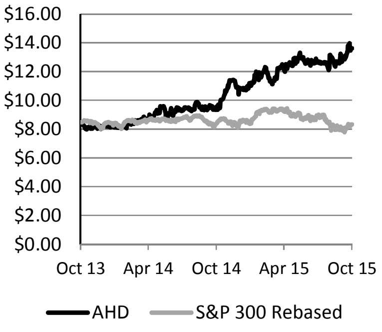
Expected Return	
Capital growth	**16.1%**
Dividend yield	**3.6%**
Total expected return	**19.7%**

Company Data & Ratios	
Enterprise value	**$2,144m**
Market cap	**$2,159m**
Issued capital	**158.4m**
Free float	**66%**
Avg. daily val. (52wk)	**$1,143,287**
12 month price range	**$9.33-$14.15**
GICS sector	**Hotels Restaurants and Leisure**

Price Performance

	(1m)	(3m)	(12m)
Price (A$)	12.57	12.90	9.41
Absolute (%)	8.43	5.66	44.85
Rel market (%)	3.45	11.06	43.61

Absolute Price



SOURCE: IRESS

Leveraged to some strong travel themes

AHD is one of the largest accommodation providers in Australia with an estimated 8,877 rooms on offer (3,255 owned and 5,622 managed) which provides exposure to a number of positive themes underpinning the Travel & Tourism sector. We consider the lack of new room night supply based on a material underinvestment in new hotel development in Australia over recent years a powerful thematic and this is expected to underpin occupancy levels and room rates in the major capital cities in the coming years (50% of AHD's owned rooms are located in Sydney and Melbourne). At the same time, while we estimate the Chinese market currently accounts for very modest room night sales, we expect this to accelerate in the coming years and support the traditionally soft occupancy months of May, June and July.

Australian Cinema business appears well positioned

AHD is the largest cinema operator in Australian with an estimated 30% market share based on screen numbers. Box office takings in Australian cinemas have held up well in recent years despite numerous structural threats including video on demand, DVD ownership and increasing use of home entertainment systems. This resilience is in part due to the continued success of sequence or franchise films and the existence of the film release window. At the same time the Company has attempted to de-risk cinemas earnings by successfully increasing merchandising revenue (food & beverage from Gold Class etc.) from an estimated 20% ten years ago to 30% currently.

Investment View – Initiate with a Buy rating PT $15.82

We have set a 12 month price target of $15.82 based on the average of our DCF and EV/EBITDA valuations. We consider AHD well placed to deliver sound growth in the coming years underpinned by the Hotels & Resorts Division, solid results from the remaining businesses and a range of development options sourced from existing property holdings.

Earnings Forecast

Year end June	2015	2016e	2017e	2018e
Sales (A$m)	1162.0	1215.7	1281.1	1345.0
EBITDA (A$m)	218.8	238.4	258.1	278.6
NPAT (reported) (A$m)	108.9	120.1	133.9	147.1
NPAT (adjusted) (A$m)	109.3	120.1	133.9	147.1
EPS (cps)	68.2	74.7	83.3	91.5
EPS growth (%)	45.2	9.6	11.6	9.8
PER (x)	20.0	18.2	16.4	14.9
EV/EBITDA (x)	9.8	9.0	8.3	7.7
Dividend (¢ps)	45.0	49.3	55.0	60.4
Yield (%)	3.3	3.6	4.0	4.4
Franking (%)	100.0	100.0	100.0	100.0
ROE (%)	11.4	12.0	12.8	13.4

SOURCE: BELL POTTER SECURITIES ESTIMATES

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Summary and Investment Thesis

Summary

AHD engages in the entertainment, hospitality, and leisure businesses in Australia, New Zealand, Fiji, and Germany. It operates through Cinema Australia, Cinema New Zealand, Cinema Germany, Hotels & Resorts, Thredbo Alpine Resort, and Property and Other Investments segments. We believe the company is now entering a period of sound earnings growth driven primarily by the Hotels & Resorts Division supplemented by solid performances from the remaining divisions. At the current share price, we believe the magnitude of the opportunity available to the company has not yet been fully priced in. We are initiating with a Buy recommendation and a 12-month price target of $15.82 based on the average of our DCF and EV/EBITDA valuations.

Investment Thesis

We believe AHD has a number of investment positives that underpin our view on the company. The highlights of the AHD business model from an investor perspective are as follows:

1. **Limited new supply to underpin occupancy levels and room rates in the Hotel & Resorts Division** – There has been a material underinvestment in new Hotels, Motel and Serviced Apartments in Australia over recent years and this is expected to contribute to a lack of new room night supply over the medium-term. In general terms, this is expected to support occupancy levels and room rates particularly in the major capital cities of Sydney and Melbourne in the short to medium-term. This represents a positive for AHD's Hotels & Resorts Division given around 50% of owned rooms are located in these cities;
2. **Leading market position in Australian Cinemas** – Our analysis suggests that AHD's Australian cinema business appears well positioned given its market leading positon (30% market share based on screen numbers) in the domestic market and the continued focus of the group on increasing the % of revenue generated from merchandising sales (assisted by increasing Gold Class rollout). At the same time, the box office outlook appears reasonable given cinemas are likely to remain appealing to consumers (particularly for blockbusters) provided the release window for films remains (time delay between movie released at cinemas and then made available on other platforms);
3. **Leverage to the growth in International Visitors to Australia particularly from China** – The AHD group currently has exposure to International Visitors through its Hotels & Resorts Division. These customers can play an important role in providing base demand particularly in the seasonally quiet months of May, June and July. We note the strong growth in Short-Term visitors from China over the last three years and we expect this trend to accelerate in the coming years as the growing middle class increase their levels of outbound travel; and
4. **Property portfolio provides development growth options** – AHD has material property holdings and we believe this represents a major positive for the group given it provides a range of growth options particularly in Sydney. We expect the Company to continue to extract value from these assets in the coming years as it pursues development opportunities.

Background

Amalgamated Holdings Limited engages in the entertainment, hospitality, and leisure businesses in Australia, New Zealand, Fiji, and Germany. It operates through Cinema Australia, Cinema New Zealand, Cinema Germany, Hotels & Resorts, Thredbo Alpine Resort, and Property and Other Investments segments. The Company's origins date back to 1910 and it was first listed on the ASX in 1962.

Figure 1 - AHD Overview

	Australian Cinemas - 44% of FY15 EBITDA (exc property income, pre-overheads)	Hotels & Resorts - 27% of FY15 EBITDA	German Cinemas - 15% of FY15 EBITDA	Thredbo - 8% of FY15 EBITDA	NZ Cinemas - 6% of FY15 EBITDA
Business Description	Australian cinema operator across 67 sites (including joint operation sites) which equates to 628 screens (504 traditional, 75 Gold Glass, 47 Vmax and 2 Drive in screens)	Owner of 22 Hotels with 3,255 rooms Manager of a further 32 Hotels with 5,622 rooms	German cinema operator across 53 sites (including two 50% joint venture sites) which equates to 411 screens (409 traditional, 2 Imax screens)	Owns and operates the Thredbo Alpine Resort in NSW and provides a number of other services including management of village infrastructure, hotel and accommodation management, leasing and retail management and property development	NZ and Fiji cinema operator across 19 sites (including joint operation sites) which equates to 132 screens (126 traditional, 4 Gold Glass, 1 Vmax and 1MAX screens)
Revenue model	Box Office Revenue 70% Merchandising 30% (Food & Beverage, Other)	Owned Hotels operate in the standard way with Room Revenue derived from a Room Rate per Night model plus associated services (Food & Beverage/Other) Managed Hotels Revenue is generally a fee based model	Box Office Revenue 70% Merchandising 30% (Food & Beverage, Other)	Ski Revenue >90% (lift lickets, ski hire, ski schools, property rental, food & beverage etc) Room Revenue <10%	Box Office Revenue 70% Merchandising 30% (Food & Beverage, Other)
Key competitors	Village (also a JV partner) Hoyts Palace Reading Independent Operators	InterContinental Hotel Group Accor Quest Hilton Starwood Oaks	CineMaxx UCI Kinopolis Large number of independent operators	Perisher Ski Resort Smaller operators	Hoyts Palace Reading Independent Operators
Key growth drivers	Success of blockbuster new releases films Ability to grow merchandise revenue Release window for new films Attractiveness of customer loyalty programs Ability/capacity to adopt new technology	Rate of new Hotel/Apartment build in key locations Level of International Visitors to key locations Business confidence Domestic Holiday/Leisure expenditure Ability to win/maintain Managed Hotels clients	Success of blockbuster new releases films Ability to grow non box office revenue Release window for new films Attractiveness of customer loyalty programs Ability/capacity to adopt new technology	Weather - particlularly temperature levels Domestic Holiday/Leisure Expenditure	Success of blockbuster films Ability to grow merchanidise revenue Release window for new films Attractiveness of customer loyalty programs Ability/capacity to adopt new technology

Investment Properties - The Group also holds a number of Property Assets which represent potential development oppportunities or income generating assets

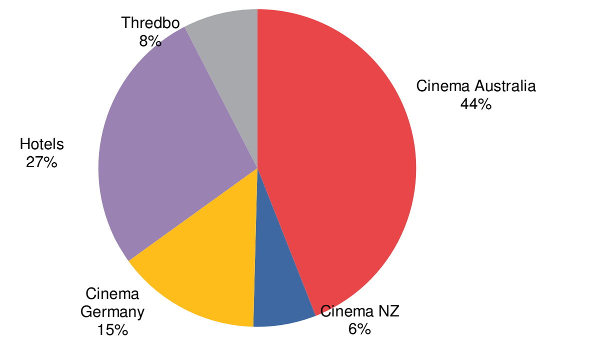
SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Key Earnings Drivers

Key Driver 1 – Ability to grow the Australian Cinema business through both box office and merchandising revenue

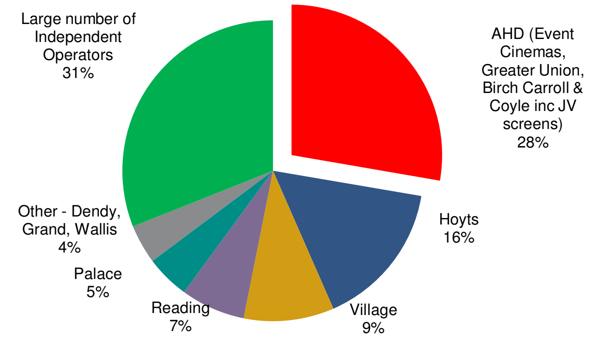
The origins of the current AHD business date back to 1910 when Thomas West established West's Pictures. The group progressed to ASX listing in 1962 and now comprises three main lines of business – Cinemas (Australia, New Zealand and Germany), Hotels & Resorts and the Thredbo Alpine Resort. The largest contributor to group earnings is the Australian Cinema business followed by Hotels & Resorts and the German Cinema division.

Figure 2 – EBITDA by Division FY15 (exc prop and pre-corporate)



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 3 – Australian Cinema Screens by Exhibitor 2014

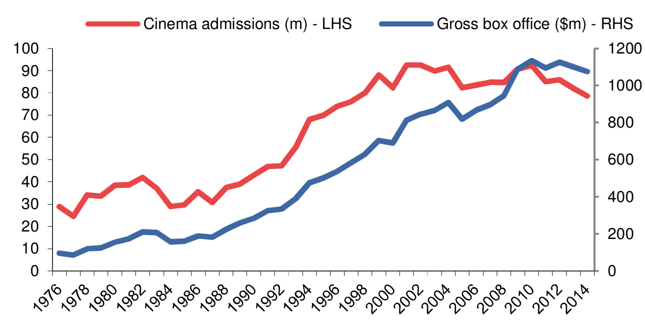


SOURCE: SCREEN AUSTRALIA

AHD is the largest cinema operator in Australia with box office takings the key driver

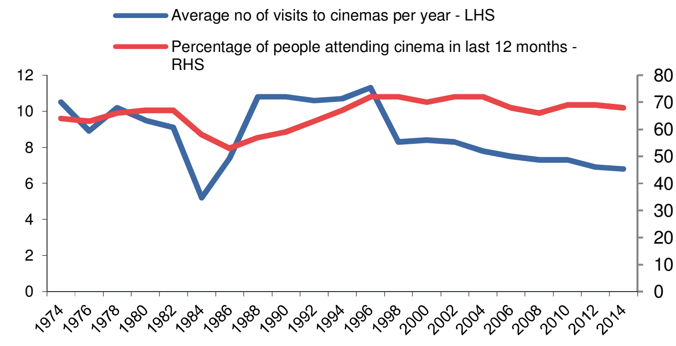
AHD is the largest cinema operator in Australia with 626 screens (including managed and joint venture screens) as at 30 June 2015, representing an estimated market share of around 30%. The key driver of earnings for Australian Cinemas is box office takings, which represents an estimated 70% of total divisional revenue with merchandising representing the remaining 30%.

Figure 4 – Australian Cinema Admissions and Box Office s



SOURCE: SCREEN AUSTRALIA

Figure 5 – No of cinema visits and % attending last 12 months

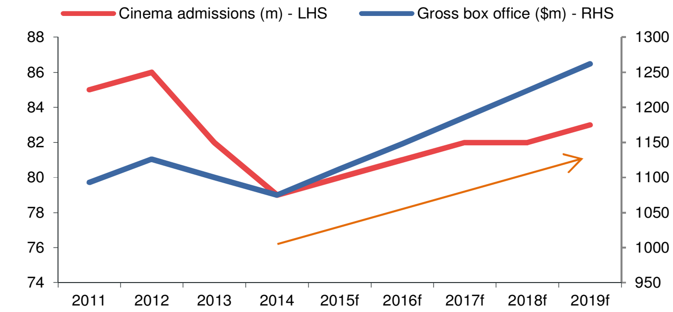


SOURCE: SCREEN AUSTRALIA

Box Office has held up well in recent years despite downward pressure on cinema admissions

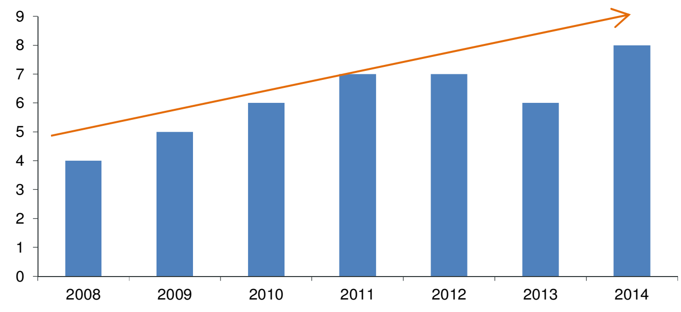
Over recent years, the Australian cinema industry has been challenged by the number of structural headwinds including the growth in alternative film delivery methods and the rise in popularity of other forms of entertainment (including video on demand, DVD ownership and increasing use of home entertainment systems). In broad terms, this has placed downward pressure on cinema admissions (-2.4% CAGR over the 3 years ended CY14) as the average number of visits to cinema per year declined. Despite this we note that box office takings have remained relatively flat over this same timeframe (-0.6% CAGR over the 3 years ended CY14). In our view, this highlights the resilience of the Australian cinema segment in the face of significant structural headwinds.

Figure 6 – Aust Cinema Admissions and Box Office



SOURCE: PWC

Figure 7 - Sequences/Franchise Films in Top 10 Aust Box Office



SOURCE: PWC

Blockbuster movies have become increasingly important driven by sequence or franchise films

This relative stability in box office takings over recent times appears to have been partly driven by the continued success of sequences and franchise films with many considered “blockbuster” offerings. Further, our analysis suggests that the number of sequence and franchise films in the Top 10 box office titles has increased consistently over the last 6 years (Hunger Games, Maze Runner, Star Wars etc.).

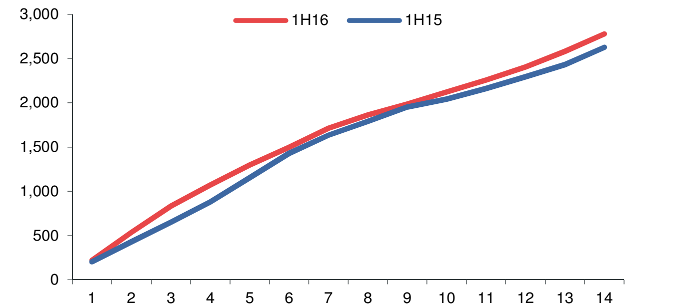
Industry data points to positive Box Office outlook

Industry research for the Australian Cinema business points to a positive outlook with PWC forecasting cinema admissions to grow at a CAGR of 1.2% per annum between CY14 and CY19 and gross box office growth of 4.1% per annum over the same timeframe. At the same time the recent box office data highlights the fact that people are still keen to see the blockbuster films at the movies rather than wait until release to video on demand or DVD. In our view, we can see no reason why this trend will change in the future with the key implication being that as long as the release window for films remains (currently around 120 days); cinemas are likely to remain appealing to consumers albeit with increasing reliance on blockbuster movies.

Early data for 1H16 also paints a positive picture recognising will be circling against some strong comparable in 2H16

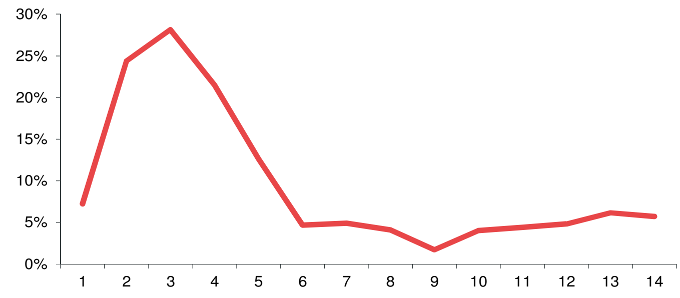
The early data for 1H16 (based on 14 week date since July 2015) also paints a positive picture for the Australian Cinema segment with Industry data suggesting box office sales are around 6% higher than 1H16 with the key test to occur in 2H16 given the strong 2H15.

Figure 8 - Cumulative Weekly Aust Box Office ($m) 1H16 v 1H15



SOURCE: BOX OFFICE MOJO

Figure 9 - Cumulative Weekly Aust Box Office 1H16 growth v 1H15



SOURCE: BOX OFFICE MOJO

Growth in merchandising revenue has acted to "de-risk the business" to some degree and we expect this trend to continue

The second component of cinema revenue is merchandising which comprises all non-box office sales with food & beverage key. We estimate that AHD's merchandising revenue as a % of total Australian cinema revenue has increased from around 20% ten years ago to current levels of 30%. This appears to have been a deliberate strategy by the group to protect and improve margins and thus "de-risk" the division somewhat given the unpredictable nature of box office takings. The increasing rollout of Gold Screen offerings has been central to this process given the higher value nature of this offering and we expect this trend to continue (we estimate the Australian Gold Class rollout is around 70% complete).

Looking to increase number of screens in next two years including Gold Class

The Company stated at the full year results in August 2015 that its cinema development pipeline for the Australian circuit includes a further seven sites including joint venture sites (54 screens) that are expected to open over the next two years. We note this includes an additional 11 Gold Class screens. This is expected to positively impact total revenue growth for the Australian Cinema business in the coming periods.

Figure 10 - AHD Current Cinema Development Pipeline

				Number of screens			
Location	Expected Opening	Type of operation	Lease term	Total	Gold Class	Vmax	Traditional
Springfield Brisbane Qld	2015	50% joint operation	15 years	8	2	2	4
Pacifc Fair Qld (upgrade)	2015	100%	20 years	11	3	1	7
Hurstville NSW (upgrade)	2015	50% joint operation	15 years	7	-	1	6
Kotara NSW	2015	100%	20 years	8	2	1	5
Glenelg SA	2016	50% joint operation	10 years	6	-	-	6
Hindley St Adelaide SA	2016	100%	n/a	6	-	-	6
North Lakes Brisbane Qld	2016	50% joint operation	20 years	8	2	2	4
Palmerston Darwin NT	2017	50% joint operation	15 years	6	-	2	4
Smithfield Cairns Qld	2017	100%	20 years	6	-	1	5
Plenty Valley Vic	2017	50% joint operation	20 years	9	2	1	6
Westfield Newmarket NZ	2017	100%	20 years	6	-	2	4
			Total	81	11	13	57

SOURCE: COMPANY DATA

Conclusion Key Driver 1 – Australian Cinema business appears well positioned to deliver solid revenue growth despite unpredictable box office

Our analysis suggests that AHD's Australian cinema business appears well positioned given its market leading positon in the domestic market and the continued focus of the group on increasing the % of revenue generated from merchandising sales (assisted by increasing Gold Class rollout). At the same time, the box office outlook appears reasonable given cinemas are likely to remain appealing to consumers (particularly for blockbusters) provided the release window for films remains. We also note that early indicators for 1H16 suggest that box office takings are tracking well ahead of 1H15 with the key test to come in 2H16 when circling against some very strong comparable numbers.

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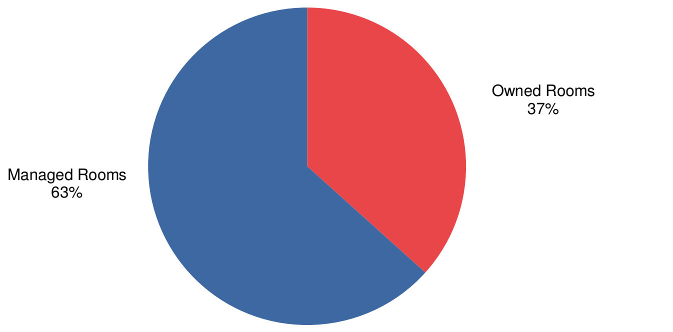
Key Driver 2 – Lack of new room night supply

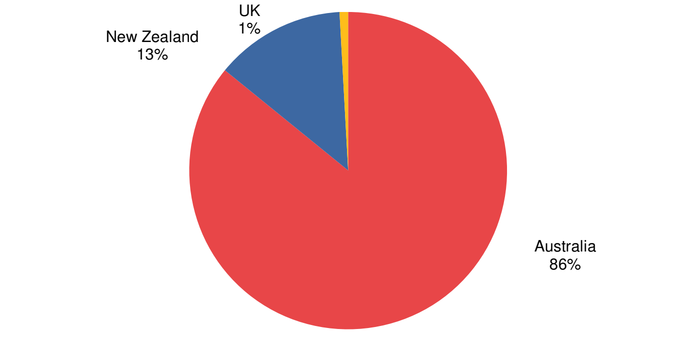
AHD currently offers accommodation and associated services through its Hotels & Resorts Division with 22 owned hotels (3,255 rooms) and 32 managed hotels (5,622 rooms). The bulk of these rooms are located in Australia with additional offerings in New Zealand and the UK.

Figure 11 – Hotels & Resorts Division Rooms Owned v Managed



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 12 - Hotels & Resorts Division Rooms by Location

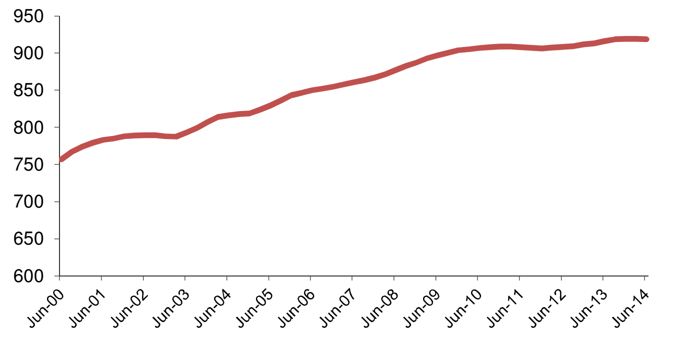


SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Lack of new Hotel properties in Australia over recent years

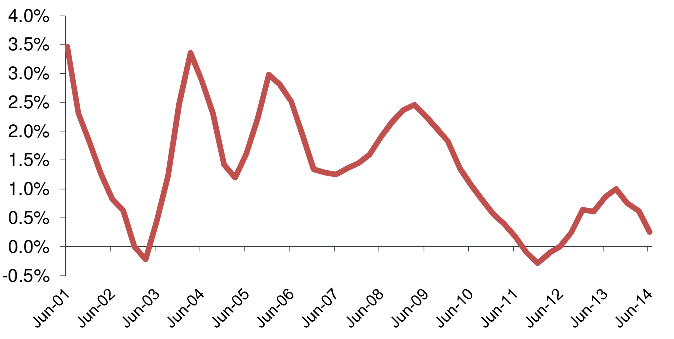
The key driver of earnings for the Hotels & Resort Division is Australian owned accommodation revenue which in turn is a function of the number of available rooms, occupancy levels and the average room rate across the portfolio of properties. In recent years the domestic accommodation market has been characterised by the lack of investment in new developments within the Hotels, Motels and Serviced Apartments (HMSA) segment. The key reason for this lack of development appears to be the superior returns on offer for other types of developments particularly residential style apartments or a combination of residential/retail properties. The consequence of this lack of investment is that the number of available rooms in the HMSA segment has remained broadly flat over the last two years.

Figure 13 - HMSA - No of Available Rooms MAT '000's



SOURCE: ABS, BELL POTTER SECURITIES ESTIMATES

Figure 14 - HMSA - No of Available Rooms MAT growth rate



SOURCE: ABS, BELL POTTER SECURITIES ESTIMATES

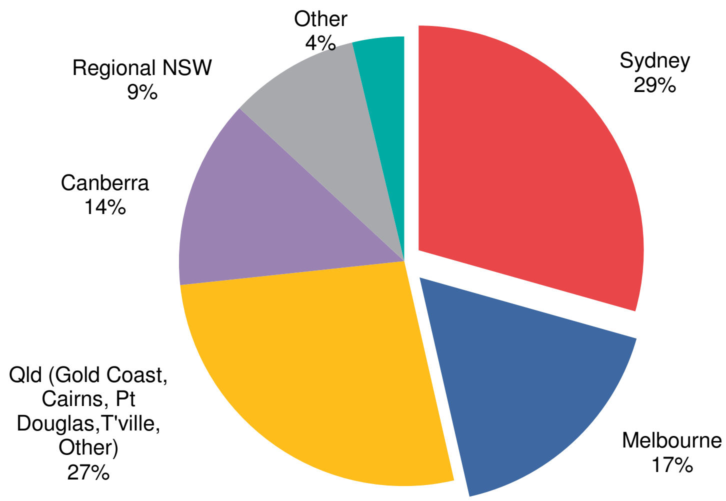
Pipeline suggests room night supply growth from new developments likely to remain subdued in the medium-term

A review of the current development pipeline suggests that room night supply growth via new developments is likely to remain muted for some time (noting the long lead time between project approval, construction and rooms becoming available). Analysis conducted by Jones Lang LaSalle (JLL) suggests that on the basis of known projects, room night supply across Australia's ten major accommodation markets is forecast to increase on average by 1.6% per annum until the end of 2018. Further JLL are forecasting a slightly higher rate of growth of 2.6% per annum, having allowed for an element of unanticipated supply and/or that some mooted projects will inevitably proceed.

Likely to positively impact occupancy levels and rooms rates particularly in the key Sydney and Melbourne markets with opening of Sydney convention centre to also assist

In general terms, the subdued room night supply growth forecasts are expected to have a positive impact on both occupancy levels and room rates across the AHD portfolio. Analysis conducted by The Dransfield Group points to forecast RevPAR growth across Australia of 4.6% per annum over the period FY15 to FY17 (and 4.4% growth over the period FY15 to FY23) with Sydney 6.0% and Melbourne 5.9% well above the National average. We also note the fact that the Sydney Convention Centre is currently closed as it undergoes a material redevelopment. Once completed in late 2016, the Sydney Convention Centre is expected to represent one of the largest convention, event and exhibition centres in the Southern Hemisphere. This is expected to place further upward pressure on room rates from late 2016 as delegates to these events seek accommodation in what is already likely to be a tight market. This suggests to us the lack of new room night supply is expected to be reflected in solid RevPAR growth in the key capital cities of Sydney and Melbourne (these cities represent ~46% of AHD's owned rooms).

Figure 15 - Hotels & Resorts Division - Owned rooms by location



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

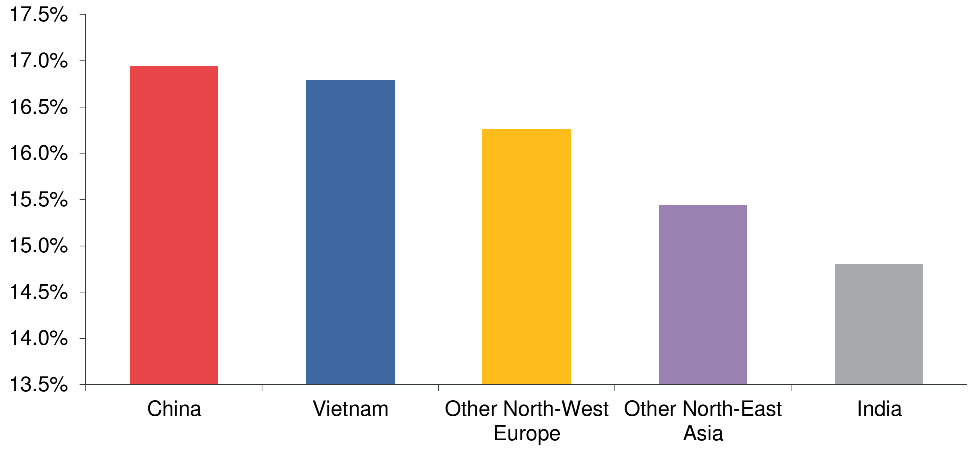
Conclusion Key Driver 2 – The lack of new supply is likely to support solid revenue growth within the Hotels & Resorts Division

The lack of investment in new Hotels, Motels and Serviced Apartments over recent years is having the effect of limiting room night supply growth and the development pipeline suggests this trend is likely to continue for some time. In general terms, we expect this to underpin solid mid to high single digit RevPAR growth (owned rooms) within AHD's Hotels & Resorts Division given Sydney and Melbourne represent close to 50% of owned rooms.

Key Driver 3 – Growth in International Visitors to Australia particularly from China

The AHD group currently has exposure to International Visitors through its Hotels & Resorts Division. The Company does not disclose the percentage of divisional room nights sourced from this segment (other than to say that they have been growing in recent times). These customers play an important role in providing base demand particularly in the seasonally quiet months of May, June and July. We suspect the bulk of these visitors are currently sourced from Asia, with China the key growth market in recent years. This is consistent with ABS data which points to similarly strong growth in short-term International Arrivals into Australia particularly from Asia. We believe this is partly a reflection of the much publicised growing middle class in China and other parts of Asia together with a material increase in low cost airlines from Asia servicing the Australian market.

Figure 16 – Short-Term International Arrivals into Australia – Ranked by 3 year CAGR (Aug 2015)

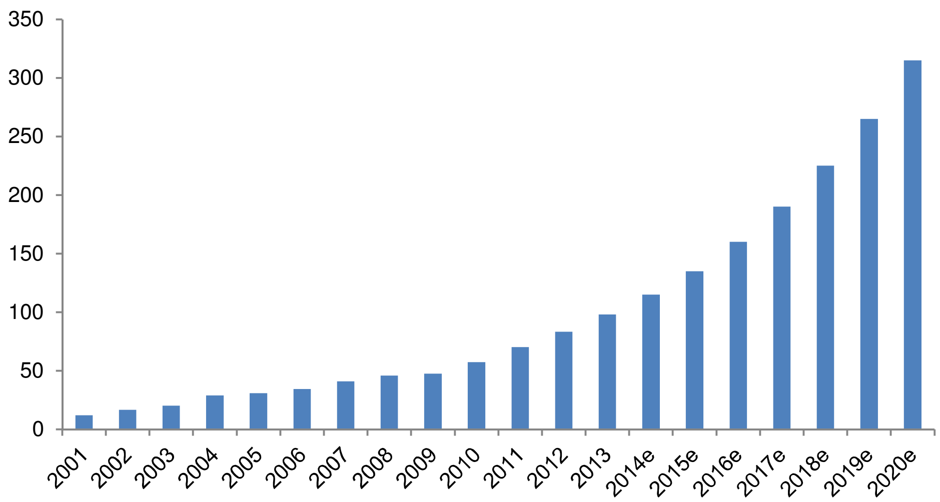


SOURCE: ABS, BELL POTTER SECURITIES ESTIMATES

Evidence suggests Chinese visitor growth will accelerate

We consider it likely that the growth in Chinese visitors into Australia will accelerate in the coming years. This view is supported by analysis from ChinaContact which predicts that outbound trips from China are expected to more than double over the next 5 years. On the assumption that Australia maintains its current share, (a conservative estimate) this is expected to result in a material increase in International Visitors from China.

Figure 17 – China Outbound Trips Actual and Projected (Millions)



SOURCE: CHINACONTACT

Potential positive for the Resorts Division in the coming years with currency also likely to help

We expect any acceleration in International Visitors from China (and other parts of Asia) to have a positive impact on the Hotels & Resorts Division in the coming years particularly in those regions where supply remains tight. It is important to note that this reflects not only the volume impact of increasing room nights sold but also the potential to increase occupancy levels in May, June and July which are seasonally the weakest periods. We also note the potential for the lower currency to have a positive impact on International Visitors to Australia but we consider this of lesser importance relative to the structural impact from the emerging Chinese middle class.

Conclusion Key Driver 3 – Growth in International Visitors from China is expected to be positive for the Hotels & Resorts Division in the medium-term

We expect strong in International Visitors from China (and other parts of Asia) in the coming years driven by an emerging middle class and a favourable currency. This is expected to have a positive impact on occupancy levels and room rates within the Hotels & Resorts Division over the medium-term.

Key Driver 4 – German Cinema and Thredbo

German Cinema has had its issues but now likely to remain part of the group

The German Cinema business was acquired in 1998 and in general terms experienced lower than expected results in the early years of ownership. This resulted in impairment adjustments relating to the German business totalling $70.4m in FY04 (note Divisional data specific to the German assets is only available from FY09 onwards). The Company stated on various occasions post these write-downs that it was considering divestment of the German assets. In recent years there appears evidence that the worst is over for this Division and the Company intends to retain the German business (unless compelling offer).

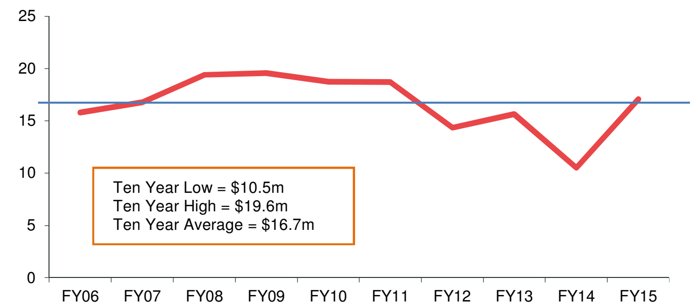
Euro 2016 of some concern for FY16 but well placed to manage impact

The 2016 European Soccer Championships have the potential to have a negative impact on the German Cinema results similar to the FY14 impact of the World Cup. Given the recent improvement in the German business driven by margin improvement and cost control, we consider the Division in a much stronger position to manage any negative impact from this event.

Figure 18 – German Cinema Division EBITDA $m

SOURCE: COMPANY DATA, BELL POTTER ESTIMATES

Figure 19 – Thredbo Division EBITDA $m



SOURCE: NAB

Thredbo earnings impacted by weather particularly temperature levels during ski season

The bulk of Thredbo earnings are generated during the snow season which runs from around June to October. Of particular relevance is temperature levels given low temperatures enable snow making to proceed and related activities to continue. Our analysis suggests that the 2015 ski season (relevant to FY16) is likely to have been reasonable given temperatures appear to have been favourable. Given the unpredictable nature of weather and temperature we have elected to adopt 10 year average EBITDA estimates for future periods beyond FY16 (10 year average EBITDA FY06-FY15 = $16.7m).

Conclusion Key Driver 4 – German Cinema appears past the worst and Thredbo in the hands of the weather gods

In general terms, the German Cinema business has underperformed since it was acquired in 1998 resulting in conjecture as to whether it will remain part of the group. Recent results suggest the worst may be over for this business and Company rhetoric suggests it is likely to be retained. The Thredbo results are subject to weather conditions and in these circumstances we have elected to assume 10 year historical average results beyond FY16.

Key Driver 5 – Existing property portfolio provides development growth options

The AHD has material property holdings across the group including a range of operating and investment assets. We believe this provides the group with significant growth options given the development opportunities which exist within this asset portfolio. These opportunities are currently at various stages of development within the group with a summary of the pipeline outlined in Figure 20 below.

Figure 20 - AHD Hotel and Property Development Pipeline

Property and Location	Use	Company owned site Y/N	Comment
QT Melbourne	Hotels & Apartments	Yes	Company owned former cinema site which is being redeveloped into an 188 room hotel and 24 apartments on the top two levels (contracts to date for 21 apartments have been exchanged). QT Melbourne expected to open mid-2016. Expected net capex after apartment sales = $70m
QT Queenstown NZ	Hotel	Yes	Redevelopment of existing Rydges property (demolition of back wing of Rydges Queenstown and construction of a 69 room QT Hotel). Rydges Queenstown will continue to trade with the development due to be completed late 2016
QT Bondi	Hotels & Apartments	No	AHD is assisting the property owner in the design process and will eventually manage the property. Constructed on the site of the old Swiss Grand Hotel, the development is expected to consist of a 69 room hotel and 94 apartments (AHL no involvement in residential apartments)
478 George St Sydney	New AHD head office plus retail and offices for lease	Yes	Company owned building is being redeveloped as the new AHD head office (currently paying an estimated $3.0m per annum rent at 227 Elizabeth St) with additional floors available for retail and commercial leasing to external tenants. The Company has guided to capex of $38m plus fit out costs of $14m. The project is expected to be completed by October 2015
Double Bay Sydney	Offices & Retail	Yes	Represents a redevelopment of the former company owned cinema site which consists of four floors of office space and one retail. The redevelopment was completed in August 2015 with estimated capex of $10m
Mosman Sydney	Apartments	Yes	Company owned former cinema site with the group exploring development options around the assets with a view to increasing the height of the building for the purpose of high rise apartments. Currently preparing a planning proposal for the site
QT Perth	Hotel & Apartments	Yes	Company owned former cinema site where the group is considering the development of a QT Hotel and residential apartments. Plans appear to have slowed a little given softening in Perth market
QT Brisbane	Hotel	Yes	The Company currently has two owned sites in Brisbane (Adelaide St and Albert St) which are included under "Investment Properties" in the Balance Sheet. The Adelaide St property is currently being considered for the construction of a new QT Brisbane Hotel pending the market outlook for this location
QT Thredbo (plus other uses)	Mixed use - Hotel, Retail & Apartments	Yes	The Company would like to build a new QT Hotel at its existing Thredbo site supplemented by retail and serviced apartments. Still in planning phase
QT Darwin	TBC	Yes	The Company owned former cinema site is currently being considered for a Hotel redevelopment QT Darwin but early days
Civic Canberra	N/A	Yes	Company owned site that represents the third asset under "Investment Properties" in the Balance Sheet. Currently leased out for Commercial use with no plans for development but included in this list for completeness purposes

= Included under Investment Properties in AHD Balance Sheet

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

The fact properties are company owned improves return metrics

In our view, the fact that AHD has a significant “owned” portfolio of property assets is a major differentiator given that returns can be based on redevelopment cost excluding land acquisition. In general terms, this means the Company is in a stronger position to proceed with development in key locations where it has existing assets and where it considers the outlook remains robust.

Sydney development options particularly important

We note the fact that the Company has numerous fully owned property development options in Sydney that are already underway or in various stages of planning. In our view, this represents a key positive given our favourable view on the outlook for the Sydney Hotel segment (and the Sydney property market in general) over the short to medium term per our previous discussion on Key Driver 2. We appreciate the fact that a number of these development options may not proceed and not all involve hotels but the fact remains that the Company has a range of options that it could “pull the trigger on” if it believes returns are sufficient.

Conclusion Key Driver 5 – Existing property portfolio represents hidden value

We believe AHD’s existing portfolio of owned property assets represents a major positive for the group given it provides a range of growth options particularly in Sydney. We expect the Company to continue to extract value from these assets in the coming years as it pursues development opportunities.

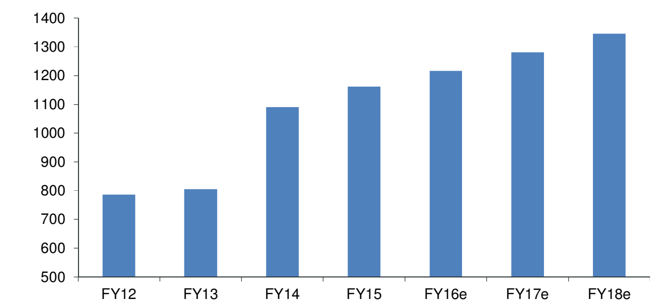
Financials

Income Statement

In broad terms, we expect organic growth to underpin EBITDA CAGR of 8% pa over the next three financial years (FY16-FY18). We expect this growth to be driven primarily by the Hotels & Resorts Division together with solid performance from the remaining divisions. This thesis underpins our key profit and loss forecasts for AHD as follows**:**

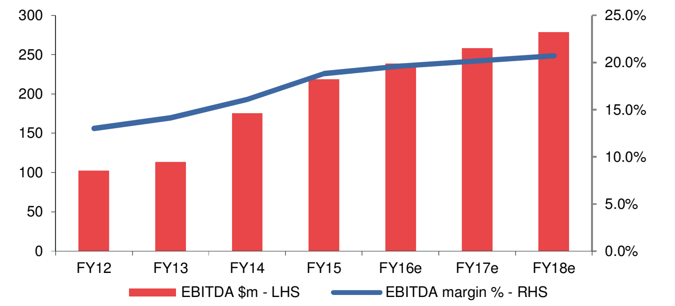
1. **Mid to high single digit revenue growth over the short to medium term driven primarily by Hotels & Resorts –** We expect AHD to deliver 5% CAGR in revenue over the period FY16 to FY18 sourced primarily from the Hotels & Resorts Division (solid RevPAR growth and an increase in available rooms). We also expect solid revenue growth from the Australian and German Cinema Division. We have assumed the Thredbo business delivers revenue consistent with the 10 year average given the unpredictable nature of the weather and its impact;
2. **Group EBITDA margins to trend higher –** We expect group EBITDA margins to increase from 18.8% in FY15 to 20.7% in FY18 given the pace of revenue growth relative to costs. We then expect group EBITDA margins to trend marginally higher until FY18/19 and then flatten out at around 21% over the long-term;
3. **Depreciation to increase –** We are forecasting above trend capital expenditure over the next few years as the Company pursues a range of growth opportunities. This is expected to result in higher depreciation levels over the forecast period; and

Figure 21 - AHD Revenue Historical and Forecast $m



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 22 - AHD EBITDA Historical and Forecast



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

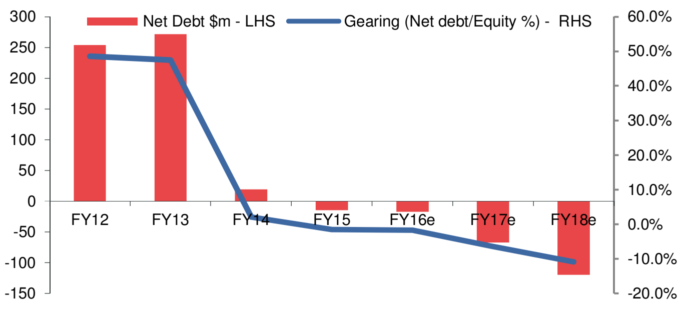
4. **Interest Expense to decline –** Despite the above trend capital expenditure outlook, we expect the group to generate material free cash flow over the forecast period. This is expected to be the key driver of a positive net cash position and a reduction in Interest Expense over the forecast period.

Balance Sheet, Capital Expenditure and Cash flow

The key items of significance from a Balance Sheet, Capital Expenditure and Cash flow perspective include:

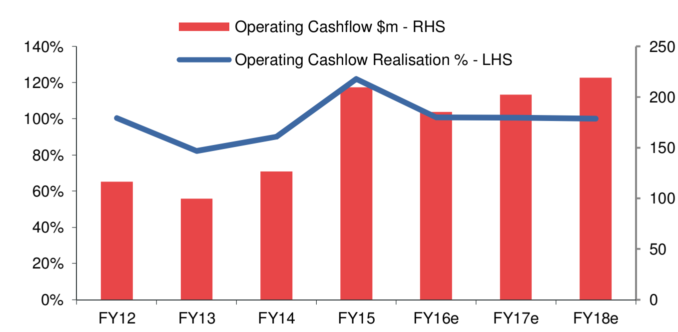
1. **Above trend capital expenditure in the coming years given growth projects** – We estimate maintenance capital expenditure for the AHD group of around $35m. In the coming years, this is expected to be supplemented by material "growth" capital expenditure in both the Hotels & Resorts and Australian Cinema Divisions. The bulk of this expenditure in Hotels & Resorts relates to the QT Melbourne development but also includes QT Queenstown and the 478 George St Sydney projects. The Company has stated that the Australian Cinema business plans to add a further 7 sites totalling 54 screens over the next two years (some of these represent joint venture sites) with estimated capital expenditure per site of around $7m (indicative cost $45-$50m). We are forecasting group capital expenditure to total $105m in FY16, $65m in FY17 and $70m in FY18;
2. **Operating cash realisation of around 100%** – Operating cash realisation (OCF/NPAT+D&A) equated to 122% in FY15. We would expect this to revert to around 100% in the coming years;
3. **Strong balance sheet** – AHD has an excellent balance sheet with reported net cash of $15m as at 30 June 2015. We expect this position to strengthen further in coming years given the expected free cash flow generation (despite above trend capital expenditure); and

Figure 23 - AHD Gearing – Historical and Forecast



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 24 - AHD Operating Cash Realisation



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

4. **ROIC to increase in the coming years –** We expect AHD's ROIC to increase from an estimated 16.5% pre-tax in FY15 to 20.5% in FY18 driven primarily by earnings growth.

Valuation

Valuation and price target based on the average of DCF and EV/EBITDA methodologies

We have elected to base our valuation of AHD on the average of our estimates derived under both our DCF and EV/EBITDA methodologies

DCF valuation of $15.18

Our 1-year forward DCF valuation of AHD equates to $15.18 per share. Major assumptions are a post-tax WACC of 10.00% and a terminal growth rate of 3.0%.

Figure 25 - Comparable Company analysis

						EPS growth		P/E times		EV/EBITDA times		Yield %	
Company	Code	Price $	Mkt Cap $m	Net Debt $m	Ent Value $m	FY16e	FY17e	FY16e	FY17e	FY16e	FY17e	FY16e	FY17e
Mantra Group	MTR	4.15	1,111	20	1,131	12.4%	14.0%	24.1	21.2	13.2	11.8	3.1%	3.6%
Village Roadshow*	VRL	7.35	1,178	402	1,580	25.8%	10.3%	18.8	17.1	8.7	8.1	4.1%	4.4%
Comparable Company Average						19.1%	12.1%	21.5	19.1	11.0	10.0	1.4%	1.6%
Amalgamated Holdings	AHD	13.60	2,154	-15	2,140	9.6%	11.6%	18.2	16.3	9.0	8.3	3.6%	4.0%
AHD Prem/Disc to Comparable Company Average								**-15.3%**	**-14.7%**	**-18.2%**	**-16.9%**		
*Consensus estimates - Capital IQ													

SOURCE: BELL POTTER SECURITIES, CAPITAL IQ

EV/EBITDA valuation of $16.45

In deriving a target EV/EBITDA multiple for AHD we have reviewed the company's closest peers in the domestic Travel & Tourism sector. We believe, only two companies are of relevance – MTR whose sole business is the provision of accommodation (relevant to AHD's Hotels &c Resorts Division) and VRL which is a major competitor in Australian Cinemas. These companies are currently trading on an average FY16 EV/EBITDA multiple of 11.0x. If we apply this multiple to our FY16 EBITDA estimate for AHD (after removing property and investment earnings given these are valued as surplus assets) this derives an indicative valuation of $16.45 per share.

Figure 26 - AHD EV/EBITDA Valuation

AHD FY16 EBITDAe (exc Property and Investment Earnings) $m	229.5
Comparable Multiple	11.0
Enterprise Value $m	2,517.9
Add FY16e Net Cash plus Book Value Investment Properties	88.2
Equity Value	2,606.1
Share Count	158.422
Value per Share	16.45

SOURCE: BELL POTTER SECURITIES ESTIMATES

AHD valuation and price target of $15.82

If we apply a simple average to our amounts derived under each methodology (DCF $15.18 and EV/EVITDA $16.45) our assessed valuation and price target equates to $15.82.

Board of Directors

Alan Rydge – Chairman

Mr Rydge joined the Greater Union group in 1971. Mr Rydge serves as the Chairman of The Greater Union Organisation Pty Limited. He has been the Non-Executive Chairman of Carlton Investments Ltd, since 1980 and has been its Director since 1978. He has been the Non-Executive Chairman of Amalgamated Holdings Limited since 1980. Mr Rydge serves as the Director of Enbeear Pty Limited and Alphoeb Pty Limited.

Kenneth Chapman – Independent Non-Executive Director

A company director with 20 plus years senior experience in the tourism and real estate sectors. Currently chief executive officer of Skyrail-ITM and executive director of the Chapman group of companies. Mr Chapman has been an Independent Non-Executive Director of Amalgamated Holdings Limited since 2010.

Peter Coates – Independent Non-Executive Director

Mr Coates is a company director with 40-plus year's senior executive experience in the mining and commodities industries. He is currently non-executive chairman of Santos Limited, a non-executive director of Glencore plc, non-executive chairman of Glencore majority owned Sphere Minerals Limited, and chairman of the NSW Government's North West Rail Link Advisory Board. Mr Coates was formerly non-executive chairman of Xstrata Australia Pty Limited and chief executive of Xstrata Coal.

Valerie Davies – Independent Non-Executive Director

A company director with 20-plus year's senior executive experience within the corporate communications area. Currently, managing director and principal of One.2.One Communications Pty Limited, a consultancy firm that specialises in strategic communication and issues management. Ms Davies has been an Independent Non-Executive Director of Amalgamated Holdings Limited since 2011.

David Grant – Independent Non-Executive Director

Mr Grant is a Chartered Accountant with 25-plus years accounting and finance related experience spanning both the accounting profession and the commercial sector. Mr Grant's executive career included roles with Goodman Fielder Limited and Iluka Resources Limited as well as co-founding a privately held resource exploration venture in New Zealand. Mr Grant was formerly a non-executive director of Consolidated Rutile Limited. Mr Grant has been an Independent Non-Executive Director of Amalgamated Holdings Limited since 2013.

Patria Mann – Independent Non-Executive Director

A company director with over 25 years' experience. Mrs Mann is a Chartered Accountant and former partner of KPMG. She has been a professional non-executive director for over 10 years. Mrs Mann has extensive audit, investigation, risk management and corporate governance experience. Mrs Mann has been an Independent Non-Executive Director of Amalgamated Holdings Limited since 2013.

Richard Newton – Independent Non-Executive Director

Mr Newton has over 20 years senior executive experience in property investment and development, specifically in hotel operations. Mr Newton has been an Independent Non-Executive Director of Amalgamated Holdings Limited since 2008.

David Seargeant – Chief Executive Officer, Managing Director and Executive Director

Mr Seargeant has over 40 years experience in the hospitality & leisure industries and has been Managing Director of Amalgamated Holdings Limited since January 2002 and serves as its Chief Executive Officer. He served as Managing Director of Rydges Hotels group from 1988 to 2002 and the Greater Union group from 2000 to 2002. He has been an Executive Director of Amalgamated Holdings Limited since 2001.

Key shareholders

Figure 27 – Top 20 shareholders as at 30 September 2015

Holder	No. Shares	%
Enbeear Pty Limited	32,134,031	20.28
Carlton Investments Ltd	19,777,772	12.48
Perpetual Limited	15,277,516	9.64
Perennial Investment Partners Limited	8,078,991	5.10
Aphoeb Pty Ltd	6,027,315	3.80
Manly Hotels Pty ltd	5,732,812	3.62
Carlton Hotel Ltd	5,276,103	3.33
Perpetual Investment Management Limited	3,836,284	2.42
Alan Rydge	3,669,915	2.32
Dimensional Fund Advisors LP	2,641,277	1.67
Colonial First State Asset Management (Australia) Limited	2,491,765	1.57
Argo Investments Limited	1,634,721	1.03
Australian United Investment Co Ltd	1,500,000	0.95
TN Phillips Investments Pty Limited	1,346,000	0.85
Australian Foundation Investment Company Limited	1,030,258	0.65
Wilson Asset Management (International) Pty Limited	955,270	0.60
Milton Corporation Limited	867,921	0.55
Mirrabooka Investments Limited	535,000	0.34
David Seargeant	469,490	0.30
Wisdom Tree Asset Management Inc	221,373	0.17
Total Top 20 Shareholders	113,503,814	71.7

SOURCE: IRESS

Amalgamated Holdings Limited (AHD)

Company Description

Amalgamated Holdings Limited engages in the entertainment, hospitality, and leisure businesses in Australia, New Zealand, Fiji, and Germany. It operates through Cinema Australia, Cinema New Zealand, Cinema Germany, Hotels & Resorts, Thredbo Alpine Resort, and Property and Other Investments segments. The Company's origins date back to 1910 and it was first listed on the ASX in 1962.

Investment Strategy

We rate AHD as a Buy with a 12-month target price of $15.82. We consider the company has a solid earnings outlook driven largely by the Hotels & Resorts Division which is expected to be underpinned by some strong themes including a shortage of new supply in the key capital cities and exposure to strong International Visitor growth from China.

Valuation

We have set a 12 month price target $15.82 based on the average of our 1-year forward DCF valuation of $15.18 and EV/EVITDA multiple of valuation of $16.45.

Risks

We believe there are a number of key risks that have the potential to impact our investment thesis as follows:

- Release window for new movies – The Cinema business is heavily reliant on the continued existence of the release window (time delay between movie released at the movies and then made available on other platforms or sources). Should this change then the Cinema business remains at risk;
- Change in consumer preferences – The Cinema business is exposed to any change in consumer preferences away from this form of entertainment. This includes Video on Demand, stay at home entertainment and other potential structural headwinds;
- Weather – The Thredbo Division is heavily dependent on weather conditions particularly during the ski season and any adverse events have the potential to impact earnings
- Room revenue – The Company is exposed to variability in occupancy levels and room rates. There is a risk that lower than expected occupancy levels and room rates could adversely impact results;
- Loss of key contracts – A significant portion of AHD's room night supply is subject to long-term contracts and there is a risk that the company could lose one or a number of these contracts. Any loss of key contracts has the potential to adversely impact earnings; and
- Competitors – AHD has a number of competitors in each of its key divisions and there is risk that behaviours from those groups could adversely impact earnings.

Amalgamated Holdings
as at 21 October 2015

Recommendation	Buy
Price	$13.63
Target (12 months)	$15.82

Table 1 - Financial summary

June Year end	2012*	2013*	2014	2015	2016e	2017e	2018e
Profit & Loss (A$m)							
Sales revenue	786.3	805.7	1,090.9	1,162.0	1,215.7	1,281.1	1,345.0
. . . Change	n/a	2.5%	35.4%	6.5%	4.6%	5.4%	5.0%
EBITDA (adj)	102.4	113.7	175.4	218.8	238.4	258.1	278.6
Deprec. & amort.	(37.3)	(40.6)	(62.4)	(62.7)	(65.3)	(68.4)	(72.0)
EBIT	65.1	73.1	113.0	156.1	173.1	189.7	206.7
Interest	(0.4)	(5.8)	(6.9)	(6.6)	(4.5)	(1.3)	0.6
Non recurring items	3.3	(2.8)	2.8	(0.5)	-	-	-
Pre-tax profit	68.0	64.5	108.9	149.0	168.6	188.4	207.2
Tax expense	(29.6)	(28.7)	(32.5)	(43.0)	(51.5)	(57.4)	(63.0)
. . . tax rate	43.6%	n/a	29.8%	28.9%	30.5%	30.5%	30.4%
Equity Acc Profits	40.3	45.1	2.2	2.9	2.9	2.9	2.9
Net Profit Reported	**78.7**	**80.9**	**78.6**	**108.9**	**120.1**	**133.9**	**147.1**
NRI's post tax	3.2	1.6	(3.4)	0.4	-	-	-
Net Profit pre-NRI's	**81.9**	**82.5**	**75.2**	**109.3**	**120.1**	**133.9**	**147.1**
Normalisation adjustments	-	-	-	-	-	-	-
Net Profit Normalised	**81.9**	**82.5**	**75.2**	**109.3**	**120.1**	**133.9**	**147.1**

* Continuing Operations

Cashflow (A$m)	2012*	2013*	2014	2015	2016e	2017e	2018e
Reconciliation							
Net Profit	78.7	80.9	78.6	108.9	120.1	133.9	147.1
Deprec. & amort.	37.3	40.6	62.4	62.7	65.3	68.4	72.0
Change in working capital	(30.7)	(42.3)	(14.2)	35.5	1.5	1.1	0.2
Other	31.3	20.7	-	2.4	-	-	-
Net operating cashflow	116.5	99.8	126.7	209.4	186.8	203.4	219.3
Investing Cashflow							
Capex	(118.8)	(70.1)	(72.4)	(104.3)	(105.0)	(65.0)	(70.0)
Payment for businesses	(2.3)	-	(24.7)	(10.0)	-	-	-
Other	66.0	1.2	1.4	1.7	-	-	-
Net investing cash flow	(55.1)	(68.9)	(95.7)	(112.7)	(105.0)	(65.0)	(70.0)
Financing Cashflow							
Issue of shares	-	-	-	-	-	-	-
Buy backs	-	-	-	-	-	-	-
Dividends paid	(65.6)	(64.2)	(67.4)	(69.0)	(79.2)	(88.4)	(97.1)
Debt	(2.1)	28.0	24.1	10.0	(8.0)	-	-
Others	-	-	-	-	-	-	-
Net financing cash flow	(67.7)	(36.2)	(43.3)	(59.0)	(87.2)	(88.4)	(97.1)
Effects of exchange rate	(2.7)	6.3	1.7	1.0	-	-	-
Net change in cash held	(9.1)	1.0	(10.5)	38.7	(5.4)	50.0	52.2

Balance Sheet (A$m)	2012*	2013*	2014	2015	2016e	2017e	2018e
Cash assets	193.6	146.9	91.1	133.7	128.2	178.2	230.5
Receivables	116.2	112.6	48.1	47.2	24.3	32.0	40.3
Inventories	36.0	16.1	15.2	19.9	19.9	19.9	19.9
Other	24.7	71.1	10.7	17.5	17.5	17.5	17.5
Total current assets	370.5	346.6	165.1	218.3	190.0	247.7	308.3
Plant and equipment	534.5	638.9	861.7	911.9	951.7	948.3	946.3
Intangible assets	295.7	315.6	91.8	89.6	89.6	89.6	89.6
Other / financial assets	116.6	25.3	110.4	108.3	108.3	108.3	108.3
Deferred tax assets	2.8	102.5	8.3	7.9	7.9	7.9	7.9
Total non-current assets	962.3	1097.9	1073.3	1118.8	1158.5	1155.1	1153.1
Total assets	**1332.8**	**1444.5**	**1238.4**	**1337.1**	**1348.5**	**1402.8**	**1461.4**
Short term debt	35.0	35.6	0.8	1.0	1.0	1.0	1.0
Payables	178.1	240.9	81.1	97.3	150.9	159.0	166.9
Current tax liabilities	1.2	11.8	2.6	16.0	16.0	16.0	16.0
Provisions	29.5	32.3	17.1	18.8	18.8	18.8	18.8
Other liabilities	36.6	48.1	72.5	87.1	12.2	12.8	13.4
Total current liabilities	280.3	368.7	174.0	220.3	198.9	207.7	216.2
Long term debt	412.5	382.9	109.6	118.1	110.1	110.1	110.1
Deferred Tax Liability	9.7	48.3	11.7	12.0	12.0	12.0	12.0
Other	107.5	72.5	22.7	23.9	23.9	23.9	23.9
Total non-current liabilities	529.7	503.7	144.1	153.9	145.9	145.9	145.9
Total liabilities	**810.0**	**872.4**	**318.1**	**374.2**	**344.8**	**353.6**	**362.1**
Net assets	**522.8**	**572.1**	**920.4**	**962.9**	**1003.7**	**1049.3**	**1099.3**
Contributed equity	222.9	234.3	219.1	219.1	219.1	219.1	219.1
Reserves & outside equity	84.0	106.9	32.5	35.2	35.2	35.2	35.2
Retained earnings	216.0	230.9	668.7	708.6	749.4	794.9	844.9
Total equity	**522.8**	**572.1**	**920.4**	**962.9**	**1003.7**	**1049.3**	**1099.3**
Net debt/(cash) $m	254.0	271.6	19.3	-14.6	-17.2	-67.1	-119.4

Price	$13.63
Recommendation	Buy
Diluted issued capital (m)	158.4
Market cap ($m)	$2,159.0
Target Price (A$ps)	$15.82

June Year end	2012	2013	2014	2015	2016e	2017e	2018e
Valuation Ratios							
Core EPS (¢ps)	51.4	51.8	46.9	68.2	74.7	83.3	91.5
. . . % change	n/a	0.8%	-9.4%	45.2%	9.6%	11.6%	9.8%
PE (x)	26.5	26.3	29.0	20.0	18.2	16.4	14.9
EV/EBITDA (x)	20.9	18.9	12.2	9.8	9.0	8.3	7.7
EV/EBIT (x)	32.9	29.3	19.0	13.7	12.4	11.3	10.4
NTA ($ps)	1.43	1.61	5.17	5.45	5.69	5.97	6.28
P/NTA (x)	9.6	8.5	2.6	2.5	2.4	2.3	2.2
Book Value ($ps)	3.30	3.61	5.81	6.08	6.34	6.62	6.94
Price/ Book	4.13	3.77	2.35	2.24	2.15	2.06	1.96
DPS (¢ps)	39.0	42.0	42.0	45.0	49.3	55.0	60.4
. . . % pay-out	75.9%	81.0%	89.5%	66.0%	66.0%	66.0%	66.0%
Franking (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Yield (%)	2.9%	3.1%	3.1%	3.3%	3.6%	4.0%	4.4%
Performance Ratios							
EBITDA/sales (%)	13.0%	14.1%	16.1%	18.8%	19.6%	20.1%	20.7%
EBITA/sales (%)	8.3%	9.1%	10.4%	13.4%	14.2%	14.8%	15.4%
OCF realisation (%)	100%	82%	90%	122%	101%	101%	100%
FCF realisation (%)	133%	123%	161%	192%	142%	142%	140%
ROE (%)	15.7%	14.4%	8.2%	11.4%	12.0%	12.8%	13.4%
ROIC (%)	n/a	9.0%	12.7%	16.5%	17.9%	19.8%	20.5%
Asset Turn (years)	2.7	2.8	2.8	3.5	3.7	3.8	3.9
Capex/Depn (x)	3.2	1.7	1.2	1.7	1.6	1.0	1.0
EBIT Interest cover (x)	154.7	12.5	16.4	23.6	38.2	145.9	-359.8
Net debt/EBITDA	2.5	2.4	0.1	-0.1	-0.1	-0.5	0.0
Net debt/equity (%)	48.6%	47.5%	2.1%	-1.5%	-1.7%	-6.4%	-10.9%

	2012	2013	2014	2015	2016e	2017e	2018e
Divisional							
Revenue** $m							
Cinema Australia			421.4	437.3	450.4	472.9	491.8
Cinema NZ			76.1	86.8	92.1	96.7	100.5
Cinema Germany			300.7	310.4	322.8	335.8	349.2
Hotels			226.9	251.6	274.2	298.9	325.8
Thredbo			47.8	58.8	58.5	58.5	58.5
Property/Other Invs			17.9	17.0	17.7	18.4	19.2
Other			-	-	-	-	-
Unallocated/Corp			0.1	0.1	-	-	-
Total			1,090.9	1,162.0	1,215.7	1,281.1	1,345.0
EBITDA** $m							
Cinema Australia			87.3	99.2	103.5	110.1	115.5
Cinema NZ			10.2	14.4	16.2	17.3	18.2
Cinema Germany			23.4	33.0	37.6	40.7	45.9
Hotels			51.0	61.7	71.3	80.8	90.0
Thredbo			10.5	17.1	16.7	16.7	16.7
Property/Other Invs			9.3	8.6	8.9	9.3	9.7
Other			-	-	-	-	-
Unallocated/Corp			(16.3)	(15.2)	(15.9)	(16.8)	(17.3)
Total			175.4	218.8	238.4	258.1	278.6

** Only comparable Divisional data is from FY14 onwards

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.

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