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Donaco International (DNA)

10% FY16 Dividend Yield on the Cards

Recommendation

Buy (unchanged)

Price

\$0.69

Target (12 months)

\$1.50 (unchanged)

Expected Return

Capital growth **117.4%**

Dividend yield **9.6%**

Total expected return **127.0%**

Company Data & Ratios

Enterprise value **\$650.7m**

Market cap **\$573.16m**

Issued capital **820.6m**

Free float **50.5%**

Avg. daily val. (52wk) **\$1.1m**

12 month price range **\$0.54 - \$0.88**

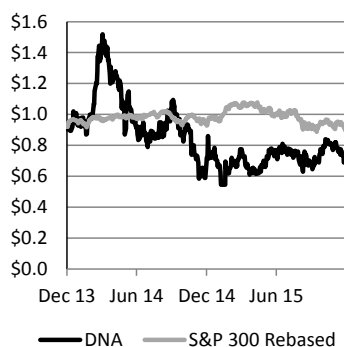
GICS sector

Hotels Restaurants and Leisure

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	0.77	0.67	0.61
Absolute (%)	-10.39	2.99	13.11
Rel market (%)	-7.07	6.41	19.46

Absolute Price



SOURCE: IRESS

Strong Cash Generation

DNA is generating around \$7m a month in operating cash flow and is in a position to commence a meaningful dividend or embark on a buyback. We have upgraded our estimates to commence a dividend with a 75% payout ratio as early as 1H16, which translates to a 10% yield in FY16. We forecast that net-debt will fall from around \$120m at 1 July 2015, to \$82m at the end of this month. This represents approximately 0.7x net-debt / EBITDA, which is undemanding and leaves the company with little reason not to embark on a major capital management strategy. We expect strong cash flow and earnings growth to occur into the future as management continue to execute on its strategy and as gaming activity grows as evidenced in the recent September and October trading updates.

Scope for Capital Management – Payout forecast increased

Given the amount of cash DNA is generating, coupled with the fact there are no major requirements for this cash to be re-invested back into the properties in the near term, we see the potential for a substantial dividend payout ratio in the future. DNA is able to fund a payout ratio of up to 80-90% and still continue to reduce its net-debt position. As such, we have increased our dividend payout ratio assumption to 75% (previously 40%) from 1H16e onwards. We believe implementing a substantial dividend payout would be welcomed by the market and see the stock price re-rate. There is also scope for the company to embark on a buyback if the share price doesn't move by the time of the 1H16 result is released in February 2016.

Earnings revisions

Given our increased dividend payout forecast from 1H16, our EPS estimates have decreased slightly for FY16 and FY17 by -0.2% and -3.2% respectively. The current FY16e EV/EBITDA multiple of 4.9x is undemanding and places DNA at the bottom end of casino stocks in the Asian region, with its peers ranging from 5.5x-12x. We retain our Buy recommendation and our Price Target of \$1.50 per share.

Earnings Forecast

Year end June 30	2015	2016e	2017e	2018e
Sales revenue (\$m)	31	178	194	197
EBITDA (adjusted) \$m	14	125	138	141
NPAT (reported) \$m	-5	75	85	116
Cash NPAT (adjusted) \$m	8	73	85	116
Cash EPS (adjusted) (cps)	1.4	8.7	10.0	13.6
EPS growth (%)	-33.9%	536.8%	15.3%	35.8%
PER (x)	50.8	8.0	6.9	5.1
EV/EBITDA	19.4	4.9	4.5	4.4
Dividend (€ps)	0.0	6.6	7.1	8.8
Yield (%)	0.0%	9.6%	10.3%	12.8%
ROE (%)	3.6%	15.5%	17.0%	20.9%
Franking (%)	0.0%	0.0%	0.0%	0.0%

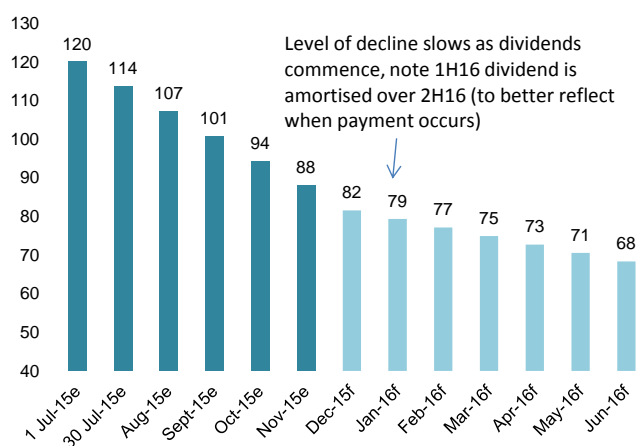
SOURCE: BELL POTTER SECURITIES ESTIMATES

Cash and Growth Story

Net debt forecast to rapidly decrease

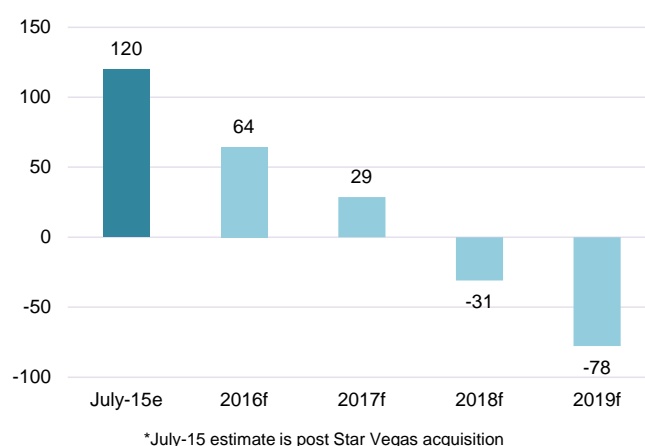
We estimate DNA is now generating around \$7m per month of operating cash flow. Figure 1 below shows the effect this has on DNA's forecast net-debt position, which we currently forecast to move into net cash in 1H18e based on our 75% payout ratio. DNA management confirmed at the recent AGM in November that paying down debt is a priority, however this will be balanced against rewarding shareholders through capital management initiatives such as dividend and share buy-backs and possible future expansion opportunities. Given DNA's cash generation and growth profile, we do not see the current level of net-debt as a concern.

Figure 1 - Monthly Net-debt Position Forecast with 75% payout



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Figure 2 - Forecast Net-debt Position with 75% payout ratio



SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Scope for substantial dividend payout ratio

With the Aristo property completed in late 2014 and the Star Vegas property now integrated, there are few significant requirements for cash to be reinvested into these properties in the near term, leaving considerable scope for DNA to pay a substantial dividend. Figure 2 below shows corresponding dividend yield and net-debt positions from a range of dividend payout ratios beginning from 2016 onwards at the current share price. Our revised forecast payout ratio of 75% equates to a yield of 9.6% in FY16e and over 10% in FY17e at the current share price, and as seen in the net-debt profiles DNA has significant funding flexibility to also pursue further growth opportunities as they arise. We believe implementing capital management strategies such as dividends is a prudent near-term strategy.

Figure 3 - Payout Ratio Analysis

	Yield			Net Debt/(Cash) \$m		
	FY16e	FY17e	FY18e	FY16e	FY17e	FY18e
Payout Ratio 60%	7.7%	8.4%	10.3%	58.5	13.9	-58.4
Payout Ratio 70%	9.0%	9.7%	12.0%	62.7	26.0	-37.2
Payout Ratio 75%	9.6%	10.3%	12.8%	64.4	28.6	-31.0
Payout Ratio 80%	10.3%	11.2%	13.6%	66.1	38.0	-16.0
Payout Ratio 90%	11.4%	12.5%	15.2%	69.4	49.2	4.2

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Earnings and valuation changes

Earnings Changes

Given our increased dividend payout forecast from 1H16, our EPS estimates have decreased slightly for FY16 and FY17 by -0.2% and -3.2% respectively. We have increased our dividend payout ratio to 75% (previously 40%) from 1H16e onwards.

Valuation

We value DNA using a DCF valuation method which produces an unadjusted valuation of \$1.85. We apply a discount due to less regulatory certainty in countries of operation and uncertainty surrounding execution. Our risked price target has remained at \$1.50 per share and we retain our Buy recommendation.

Figure 4 - Earnings Revisions

Earnings Revisions	FY16e (new)	FY16e (previous)	% Change	FY17e (new)	FY17e (previous)	% Change
Cash EPS (adjusted) (cps)	8.7	8.7	-0.2%	10.0	10.3	-3.2%
Reported NPAT (\$m)	75.0	75.1	-0.2%	85.2	88.0	-3.2%

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

Interim earnings / Assumptions

Figure 5 – Interim Earnings and Key Statistics

INCOME STATEMENT										
Y/e June 30 (\$m)	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e	1H18e	2H18e	2018e
Total Revenue	30.8	83.7	94.5	178.2	97.0	96.8	193.6	98.3	99.1	197.3
Operating & corporate expenses	10.8	21.1	23.9	45.0	24.4	24.7	49.1	24.9	25.4	50.2
Property EBITDA	20.0	62.7	70.5	133.2	72.6	72.1	144.6	73.5	73.7	147.1
Corporate cost	3.9	2.9	2.9	5.8	3.0	3.0	6.1	3.2	3.2	6.4
Employee equity grant	2.0	1.5	0.5	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Group EBITDA	14.2	58.3	67.1	125.4	69.6	69.1	138.5	70.3	70.5	140.7
Depreciation & Amortisation	4.9	3.5	3.5	7.0	3.5	3.5	7.0	3.5	3.5	7.0
Normalised EBIT	9.3	54.8	63.6	118.4	66.1	65.6	131.5	66.8	67.0	133.7
Net Interest	-0.4	7.4	7.3	14.6	5.6	5.2	10.8	4.6	3.9	8.5
Pre-tax profit	9.7	47.4	56.4	103.8	60.4	60.4	120.6	62.2	63.2	125.2
Tax	2.7	2.7	3.3	6.1	3.3	3.8	7.1	3.6	4.2	7.8
Operating NPAT	6.9	44.7	53.0	97.7	57.1	56.5	113.5	58.6	58.9	117.4
Minority Interests and earn-out	-0.5	-12.5	-13.8	-26.2	-14.5	-13.8	-28.3	-0.7	-0.9	-1.7
Underlying NPAT	6.4	32.2	39.2	71.5	42.6	42.7	85.2	57.8	58.0	115.7
VIP win rate differential and non-recurring	-12.2	3.5	0.0	3.5	0.0	0.0	0.0	0.0	0.0	0.0
Reported profit (A\$m)	-4.7	35.7	39.2	75.0	42.6	42.6	85.2	57.8	57.9	115.7
Employee Equity Grant Amortisation	2.0	1.5	0.5	2.0	0.0	0.0	0.0	0.0	0.0	0.0
Underlying Cash NPAT	8.4	33.7	39.7	73.5	42.6	42.7	85.2	57.8	58.0	115.7
DIVIDEND AND EPS ESTIMATES										
Y/e June 30	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e	1H18e	2H18e	2018e
Reported EPS	-0.8	4.2	4.6	8.8	5.0	5.0	10.0	6.8	6.8	13.6
Adjusted EPS	1.0	3.8	4.6	8.4	5.0	5.0	10.0	6.8	6.8	13.6
Cash EPS	1.4	4.0	4.7	8.7	5.0	5.0	10.0	6.8	6.8	13.6
DPS (cents)	0.0	3.2	3.4	6.6	3.4	3.7	7.1	3.7	5.1	8.8
SEGMENTS AND ASSUMPTIONS										
Y/e June 30	2015	1H16e	2H16e	2016e	1H17e	2H17e	2017e	1H18e	2H18e	2018e
Aristo International Hotel (\$AUD)										
Gaming Turnover	2,252.1	1,181.7	1,530.5	2,712.2	1,359.0	1,760.1	3,119.1	1,494.9	1,936.1	3,431.0
Gross Gaming Revenue (GGR)	68.4	35.2	46.1	81.2	41.2	52.9	94.1	45.1	58.4	103.5
Marketing Costs, inc. junket commissions	34.7	17.8	23.4	41.2	20.8	26.8	47.7	22.8	29.6	52.4
Gaming Tax	10.1	5.2	6.8	12.0	6.1	7.8	13.9	6.7	8.6	15.3
Net Gaming Revenue	23.6	12.1	15.9	28.0	14.2	18.3	32.5	15.6	20.2	35.7
Non-Gaming Revenue	7.2	4.2	4.8	9.0	4.9	5.6	10.5	5.4	6.2	11.5
Total Net Revenue	30.8	16.3	20.7	37.0	19.1	23.9	43.0	20.9	26.4	47.3
Operating Expenses and Cost of Sales	10.8	4.9	6.2	11.1	5.7	7.2	12.9	6.3	7.9	14.2
Normalised EBITDA	20.0	11.4	14.5	25.9	13.4	16.7	30.1	14.6	18.5	33.1
Minority Interest	0.5	0.6	0.7	1.3	0.7	0.8	1.5	0.7	0.9	1.7
EBITDA Normalised post minority interest	19.6	10.8	13.8	24.6	12.7	15.9	28.6	13.9	17.5	31.4
VIP actual win rate										
VIP theoretic win rate	2.85%	2.85%	2.85%	2.85%	2.85%	2.85%	2.85%	2.85%	2.85%	2.85%
Cost/Income	35%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Star Vegas Casino (\$USD)										
Gaming - tables, baccarat insurance and lotto	60.7	72.1	132.8	78.9	78.6	157.5	83.6	83.3	166.9	
Gaming - slots	25.6	25.6	51.2	28.4	28.4	56.9	30.1	30.1	60.3	
Non-gaming	1.2	1.2	2.5	1.3	1.3	2.6	1.4	1.4	2.7	
Total Revenue	87.5	98.9	186.5	108.6	108.3	216.9	115.1	114.8	229.9	
Total cost of sales	39.0	45.8	84.8	50.2	50.0	100.2	53.2	53.0	106.2	
Tables gross profit	24.3	28.8	53.1	31.6	31.4	63.0	33.5	33.3	66.8	
Slots gross profit	23.1	23.1	46.1	25.6	25.6	51.2	27.1	27.1	54.3	
Non-gaming gross profit	1.2	1.2	2.5	1.3	1.3	2.6	1.4	1.4	2.7	
Total Gross Profit	48.6	53.1	101.7	58.4	58.3	116.7	61.9	61.8	123.7	
Operating expenses	11.7	12.7	24.4	14.0	14.0	28.0	14.9	14.8	29.7	
Normalised EBITDA	36.9	40.4	77.3	44.4	44.3	88.7	47.1	47.0	94.0	
Cost/Income	24%	24%	24%	24%	24%	24%	24%	24%	24%	24%
Star Vegas (\$AUD)										
Net-gaming revenue	65.7	72.1	137.8	76.2	71.3	147.3	75.7	71.1	146.7	
Non-gaming revenue	1.7	1.7	3.4	1.7	1.6	3.3	1.7	1.6	3.3	
Expenses	16.2	17.7	33.9	18.7	17.5	36.2	18.6	17.5	36.0	
EBITDA (100%)	51.3	56.1	107.3	59.2	55.4	114.5	58.8	55.3	114.0	

SOURCE: COMPANY DATA AND BELL POTTER SECURITIES ESTIMATES

DNA Overview

Donaco International

Donaco International (DNA) is a holding company with one existing (Aristo in Vietnam) and one prospective (Star Vegas in Cambodia) property. The company operates casino, leisure and entertainment facilities with a particular focus on growing the business in South East Asia. The two properties in more detail:

- 1 **Aristo International Hotel (Vietnam):** The first property which is newly constructed with a soft opening in May 2014 and with full facilities available in November.

The Aristo property is located in Northern Vietnam, Lao Cai province. It is on the border with China's Yunnan province and caters for Chinese who are unable to gamble at home, but also target ex-pats in Vietnam as local Vietnamese are not permitted. There are 40 gaming tables, 58 electronic gaming machines, 34 linked jackpot slot machines, and 24 electronic roulette seats. The hotel has 400 rooms, with swimming pool, gym, tennis courts and spa.

- 2 **Star Vegas Resort and Club (Cambodia):** DNA completed the acquisition of the Star Vegas in Cambodia for US\$360m on July 1 2015, with a two-year 'earn-out/profit share' arrangement if earnings exceed US\$60m EBITDA per year. The acquisition of Star Vegas is set to transform DNA as it will account for approximately 85% of the Group's revenue. Star Vegas has 137 gaming tables currently which is set to expand, 1,264 slot machines and 385 hotel rooms. It is located in Poipet, Cambodia on the border of Thailand. Local Cambodians are not allowed to enter the casino and the main target markets are Thais and VIP guests from China.

Investment Valuation

We value DNA using a DCF valuation method which produces an unadjusted valuation of \$1.82. We apply a discount due to uncertainty surrounding execution and less regulatory certainty. Applying our discount, our price target is \$1.50 per share.

Key Risks

Key risks associated with the investment are (but not limited to):

- **Economic Conditions:** Operating and financial performance may be impacted by general economic conditions such as business conditions and FX rates.
- **Government and Regulatory:** Changes in legislation or government policy in countries of operation and neighbouring countries may impact performance.
- **Territorial disputes:** There is a risk that territorial disputes can severely impact the operations.
- **Immigration Policy:** Changes to visa and immigration laws could adversely impact the number of guests visiting the properties from neighbouring nations.
- **Emerging Market Risk:** Vietnam and Cambodia are emerging markets where regulation is not as sophisticated as in developed economies.
- **Competition:** There is a risk of increased competition for market share, particularly competition to attract VIP guests from the Asian region.
- **Capital Expenditure Risk:** Construction projects and property upgrades may not be completed within cost and time schedules which could impact financial performance.

Gaming glossary of terms

Glossary of terms

- **Electronic Gaming Machines (EGMs):** a slot machine.
- **Automated Terminal Gaming seats (ATGs):** An automated electronic version of a traditional table game where players sit at individual electronic terminals to place bets and where there is no live dealer.
- **Ticket-In-Ticket-Out (TITO):** A system which uses bar-coded printed tickets which represent a cash equivalent value, to transfer funds to and from gaming devices;
- **VIP / International gaming / Program Play / Premium:** The terms are often interchanged but can mean different things. Casinos are increasingly tiering the offering and anything above the mass market can be seen as premium. In addition, there is a VIP / program play / International segment which targets very high net-worth patrons via local links or third party providers (junket operators).
- **Drop:** Refers to money used in exchange for mass market chips or credit on EGMs;
- **Gross Gaming Revenue (GGR):** Is the amount dropped minus the winnings returned to patrons and taxes (excluding GST).
- **Win rate:** Refers to the operator's winnings as a percentage of total turnover. Note that the win rate in Australia and New Zealand is based on both bets, whereas in Macau and most international gaming markets including Cambodia and Vietnam, it is based on the winning bet only (hence win rate appears roughly double, but is similar).
- **Turnover / Handle:** Turnover or The Handle refers to the sum of amounts bet.
- **Gaming machine handle (volume):** the total amount wagered in gaming machines.
- **Gaming machine win rate:** gaming machine win expressed as a percentage of gaming machine handle.
- **Rolling chip volume:** The amount of chips wagered and lost.
- **Mass market table games hold percentage:** mass market table games win as a percentage of mass market table games drop.
- **Table games win:** the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.

Table 1 - Financial summary

Donaco International (DNA)						Price Target (A\$):	1.50	Share Price (A\$)	0.69	Recommendation:	Buy	Market Cap (A\$m)	57.0
INCOME STATEMENT						VALUATION DATA							
Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e	Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e		
Total Revenue	30.8	178.2	193.6	197.3	206.3	Cash NPAT (\$m)	8.4	73.5	85.2	115.7	123.7		
Operating & corporate expenses	10.8	45.0	49.1	50.2	52.6	Cash EPS (cents)	1.4	8.7	10.0	13.6	14.1		
Property EBITDA	20.0	133.2	144.6	147.1	153.7	EPS growth (%)	-34%	537%	15%	36%	7%		
Corporate cost	3.9	5.8	6.1	6.4	6.7	P/E ratio (x)	50.8	8.0	6.9	5.1	4.1		
Employee equity grant	2.0	2.0	0.0	0.0	0.0	CFPS (c)	0.4	9.5	11.1	14.6	15.1		
Group EBITDA	14.2	125.4	138.5	140.7	147.0	Price/CF (x)	181.3	7.3	6.2	4.7	4.7		
Depreciation & Amortisation	4.9	7.0	7.0	7.0	7.0	DPS (cents)	0.0	6.6	7.1	8.8	10.7		
Normalised EBIT	9.3	118.4	131.5	133.7	140.0	Yield (%)	0.0%	9.6%	10.3%	12.8%	15.5%		
Net Interest	-0.4	14.6	10.8	8.5	5.9	Franking (%)	0%	0%	0%	0%	0%		
Pre-tax profit	9.7	103.8	120.6	125.2	134.1	EV/EBITDA	19.4	4.9	4.5	4.4	4.1		
Tax	2.7	6.1	7.1	7.8	8.5	Price/book (x)	1.5	1.2	1.1	1.0	1.1		
Operating NPAT	6.9	97.7	113.5	117.4	125.6	NTA (\$)	0.5	0.1	0.2	0.2	0.2		
Minority interests and earn out	-0.5	-26.2	-28.3	-1.7	-1.8	PROFITABILITY RATIOS							
Underlying NPAT	6.4	71.5	85.2	115.7	123.7	Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e		
VIP win rate diff. and one-off	-12.2	3.5	0.0	0.0	0.0	EBIT/sales (%)	30%	66%	68%	68%	68%		
Reported Profit (A\$m)	-4.7	75.0	85.2	115.7	123.7	Return on assets (%)	3%	17%	19%	18%	18%		
Emp Equity (add back)	2.0	2.0	0.0	0.0	0.0	Return on equity (%)	4%	15%	17%	21%	21%		
Normalised Cash NPAT	8.4	73.5	85.2	115.7	123.7	Dividend cover (x)	n/a	1.2	1.4	1.3	1.4		
CASHFLOW						Effective tax rate (%)	28%	6%	6%	6%	6%		
Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e	LIQUIDITY AND LEVERAGE RATIOS							
EBITDA	20.0	133.2	144.6	147.1	153.7	Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e		
Change in provisions	0.2	1.4	0.0	0.0	0.1	Net debt/(cash) (\$m)	-194.0	64.4	28.6	-31.0	-77.1		
Working capital change	2.8	-1.6	0.0	-1.7	0.7	Net debt/equity (%)	-70%	13%	6%	-6%	-13%		
Net interest	1.9	-14.6	-10.8	-8.5	-5.9	Net debt/EBITDA (x)	-9.7	0.5	0.2	-0.2	-0.1		
Tax paid	-2.9	-6.1	-7.1	-7.8	-8.5	SEGMENTS AND ASSUMPTIONS							
Other	-19.7	-34.0	-34.4	-8.0	-8.5	Y/e June 30	2015	2016e	2017e	2018e	2019e		
Operating cashflow	2.3	78.3	92.4	121.2	131.6	Aristo (AUD)							
SIB capex	-27.5	-310.8	0.0	0.0	0.0	Net gaming revenue	23.6	28.0	32.5	35.7	39.1		
Asset sales	0.5	0.0	0.0	0.0	0.0	Non gaming	7.2	9.0	10.5	11.5	12.7		
Other	55.3	0.0	0.0	0.0	0.0	Total operating revenue	30.8	37.0	43.0	47.3	52.1		
Investing cashflow	28.3	-310.8	0.0	0.0	0.0	Operating Expenses	10.8	11.1	12.9	14.2	15.1		
Share issues / Equity raised	0.6	0.0	0.0	0.0	0.0	Normalised EBITDA	20.0	25.9	30.1	33.1	36.4		
Dividends paid	0.0	-26.6	-56.5	-61.5	-84.7	Star Vegas (AUD)							
Other	3.8	0.0	0.0	0.0	0.0	Net gaming revenue	0.0	137.8	147.3	146.7	150.1		
Financing cashflow	4.4	-26.6	-56.5	-61.5	-84.7	Non gaming	0.0	3.4	3.3	3.3	3.4		
Net change in cash	34.9	-259.1	35.9	59.7	46.8	Total operating revenue	0.0	141.2	150.6	150.0	154.1		
BALANCE SHEET						Operating Expenses	0.0	33.9	36.2	36.0	37.1		
Y/e June 30 (\$m)	2015	2016e	2017e	2018e	2019e	Normalised EBITDA	0.0	107.3	114.5	114.0	117.1		
Cash	210.2	106.8	142.6	202.2	249.0	AUD/USD	0.83	0.72	0.78	0.83	0.81		
Receivables	2.1	11.1	7.7	7.9	8.5	INTERIMS							
PPE	82.1	175.1	168.1	161.1	154.1	Half end Dec 31 (\$m)	1H15	1H16e	1H17e	1H18e	1H19e		
Intangibles	2.4	370.0	370.0	370.0	370.0	Sales revenue	13.1	83.7	97.0	98.3	100.1		
Other	13.6	16.6	16.7	16.8	17.1	EBIT	3.5	54.8	66.1	66.8	67.1		
Total assets	310.3	679.5	705.1	758.0	798.7	Pre tax profit	2.8	47.4	60.4	62.2	64.1		
Payables	16.0	26.4	23.2	21.8	23.3	Operating NPAT	1.7	44.7	57.1	58.6	60.1		
Debt	16.2	171.2	171.2	171.2	171.2	Underlying NPAT	1.5	32.2	42.6	57.8	60.1		
Provisions	0.3	1.7	1.8	1.8	2.0	Reported Profit	-1.5	35.7	42.6	57.8	60.1		
Other	0.4	0.4	0.4	0.4	0.4	Underlying Cash NPAT	2.7	33.7	42.6	57.8	60.1		
Total liabilities	32.9	199.8	196.6	195.2	196.9								
Shareholders' equity	276.4	478.8	507.5	561.8	600.8								
Non-controlling Interest	1.0	1.0	1.0	1.0	1.0								
Total shareholders funds	277.4	479.7	508.5	562.8	601.8								

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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Lafitani Sotiriou owns 30,000 shares in DNA.

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