

# Stock Focus

## Botanix Pharmaceuticals (BOT-ASX)

E&amp;P

### Proof In Prescriptions But Cash Counts

**Recommendation: Speculative Buy**

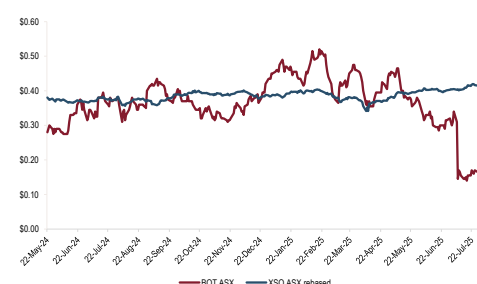
**Last price** 0.16  
**Valuation** 0.43

#### TSR

Upside to valuation	159.8%
Dividend yield	0.0%
Expected total SH return	159.8%

#### BOT-ASX share price history

Source: E&P Research, IRESS



#### Trading Data

Last price	0.16
Valuation	0.43
12 month range	AUD0.14 - AUD0.52
Market cap (\$m)	\$333
Enterprise value (\$m)	\$300
Shares outstanding (m)	1,961.1
Free float (%)	90.0
12 month return (historical)	(56.0)%

**David Nayagam**

+61 3 9235 9704

**Thomas Wegner**

+61 3 9235 9711

**Sacha Krien**

+61 3 9235 9715

**Paul Grace**

+61 2 9235 9714

**Following BOT's updates (8-Jul-25 & 28-Jul-25) on cash, inventory buys, patient numbers and prescriptions we reevaluate our views on Sofdra's uptake and commercialisation** | The 16,869 Rxs filled across 7,989 patients since January missed our forecasts of ~28K filled prescriptions. This resulted in significantly lower gross sales of ~A\$25M vs E&Pe of A\$43.7M. Seasonal influences and mgt's commercial strategy (what we've called in prior notes, 'bridged scripts') led to a 20% weighted GTN yield in total, in line with E&Pe of 20%. BOT is targeting a GTN yield of 30-40% inclusive of 'free goods' which compares to an average GTN across our visible forecast period of ~34%.

**Sales force expansion** | BOT provided more clarity on its sales team expansion with further investment planned to increase the number of regions to five and the number of territories to 50 in 2QFY26. This reflects an increase in estimated employee costs which will be diverted from the marketing budget. Rep strategy is expected to focus on physicians via force ranked territories with BOT initially targeting 'reach'. BOT had flagged its intention to increase rep numbers in Apr'25. We expect an opex budget of ~US\$45-47M (~A\$73M).

**Quarterly cash outflows** | Cash outflow from operations was A\$28.4 for 4Q25 with FY25 outflows of A\$79.3 vs E&Pe of A\$60.3M (the discrepancy is due to lower than forecast receipts from prescriptions and an unforeseen inventory purchase). Minimal investing cash flows as expected, with financing cash flows in line with our assumption (A\$66M vs A\$68M [E&Pe]). Cash burn was partly offset by the collection of receipts. The burden of cash collection from insurers sits with SendRx.

**Cash position** | BOT's balance sheet is sufficient in the near term with management outlining a path to cash flow positive without the need for more equity. Expense stabilisation, coupled with the increase in prescriptions and improving economics are core to this message and will be keenly watched.

**Model update and valuation** | The market's visceral reaction to BOT's early-July trading update was largely driven by a mismatch of expectations rather than an adverse judgment on the fundamental opportunity or structure of the business in our view. Accordingly, we recalibrate our near-term uptake curves but maintain our current assumptions for long term penetration. We have adjusted our uptake curves to a more conservative view, reallocated costs in 1H26 to reflect the additional 17 reps flagged and adjusted our GTN yield for the forecast period. Taken together our valuation falls 14% to A\$0.43.

Yr to Jun (AUD)	24A	25E	26E	27E
Revenue	2.1	6.0	51.1	115.8
EBITDA	(13.9)	(65.4)	(45.4)	2.1
EBIT	(14.0)	(68.5)	(49.7)	(2.6)
Adj. NPAT	(13.9)	(67.2)	(51.7)	(4.3)
<b>Valuation (blended)</b>				<b>0.43</b>

Source: E&P Research

## Key points and our thinking

### Patients and Scripts

- From **February 1 to June 4th, 2025**, 6,700 patients received a bottle of Sofdra (a 'filled' prescription). From **January 1st to June 30, 2025**, 7,989 patients received a bottle of Sofdra.
- New patient arrivals between **February 1 and June 30, 2025**, totaled 10,028 – this refers to the number of people who received a prescription from a doctor (though this doesn't necessarily mean they filled it, or they may take time to do so).
- Total scripts were below market expectations at ~16k (-39% vs E&Pe ~28k; -21% vs Symphony data ~22k). This was the primary driver of the negative market reaction to the update.
- Confusing messaging around patient numbers contributed to the weakness in the stock. Specifically, as described above, the company now defines new patients as those who have received a filled script (i.e. have had a physical bottle of Sofdra sent to them), whereas previously patients (patient arrivals) were those who had seen a HCP and been prescribed Sofdra but had not necessarily received it yet. Sometimes it takes time for patient shipping details to be confirmed, and some patients take time to respond to emails.
- The new definition of "patient" is more informative, and we understand why the company have chosen to switch to this metric. In the long term, BOT expect that ~90% of patients who are given a script will have it filled by SendRx, but in the current period the difference is ~20% - which may have caused confusion (Figure 1).

**Let's get your Sofdra™ prescription filled!**

Your healthcare provider sent your prescription here to SendRx Pharmacy network because we are the sole source for Sofdra.

Please enter the information requested below, so we can match you to your prescription.

- 1 Name & Email
- 2 Address & Contact
- 3 Insurance
- 4 Review & Submit

**Figure 1 - Patient Arrivals vs Filled Prescriptions**

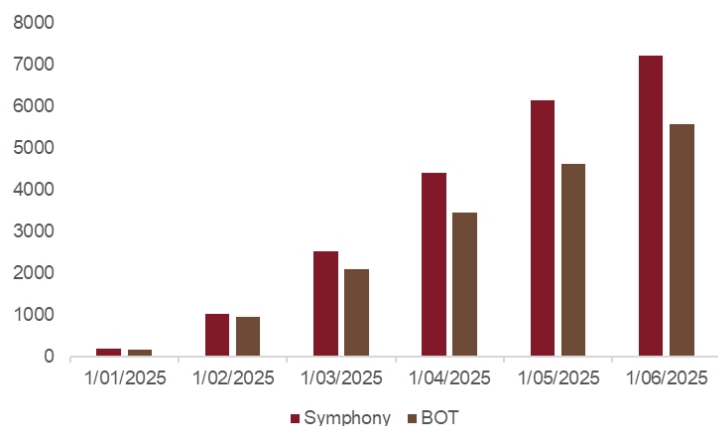
**Yellow highlights are actual number released by Botanix**

Week	New Patient Arrivals (Apr run-rate)	New Patient Arrivals Actual (Average)	Patients Getting Filled Prescriptions (Average)
9/02/2025	171	171	~380 per week
16/02/2025	257	257	
23/02/2025	301	301	
2/03/2025	370	370	
9/03/2025	387	387	
16/03/2025	437	437	
23/03/2025	409	409	
30/03/2025	505	505	
6/04/2025	571	571	
13/04/2025	~ 571 per week	~552 per week	
20/04/2025			
27/04/2025			
4/05/2025			
11/05/2025			
18/05/2025			
25/05/2025			
1/06/2025			
8/06/2025			
15/06/2025			
22/06/2025			
29/06/2025			
Total	10260	10028	7989

Source: E&Pe, Botanix

- Going forward BOT has a number of strategies to increase the growth of patients and scripts:
  - Add additional reps (6 in July, 17 in October) starting in virgin territories, where activation rates are expected to mirror those in existing territories.
  - Shift priorities from reach to productivity.
  - Start to position Sofdra competitively within its category.
- The Symphony data is an over-projection, but is variable from month to month in its level of accuracy. We understand that it is typical for Symphony to over-project, but in this instance it may be exacerbated due to the fact that BOT use a single point pharmacy.

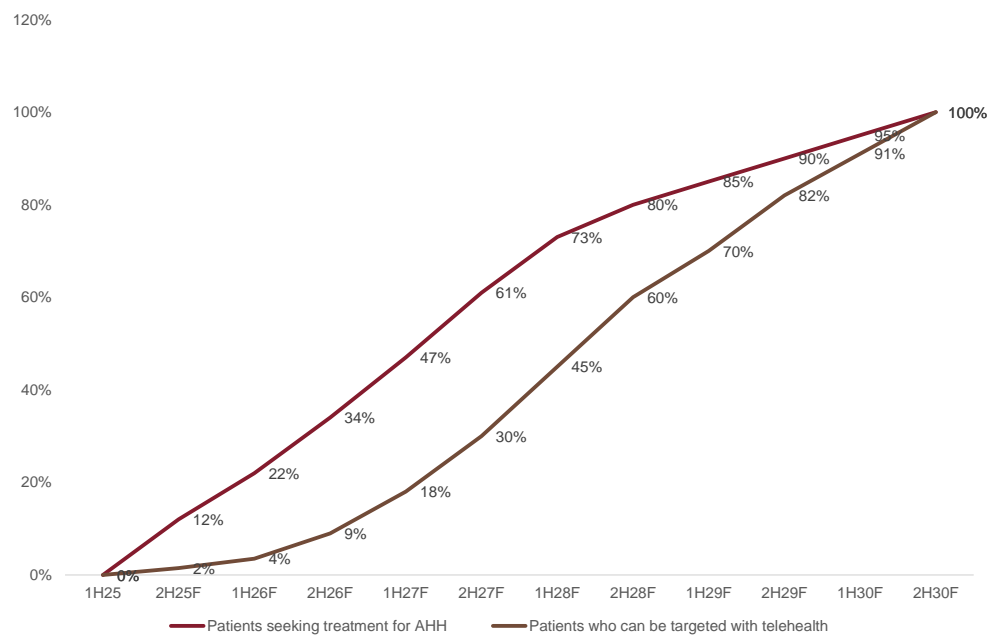
**Figure 2 - Prescriptions: Symphony Vs Botanix Prints**



Source: Bloomberg, Botanix

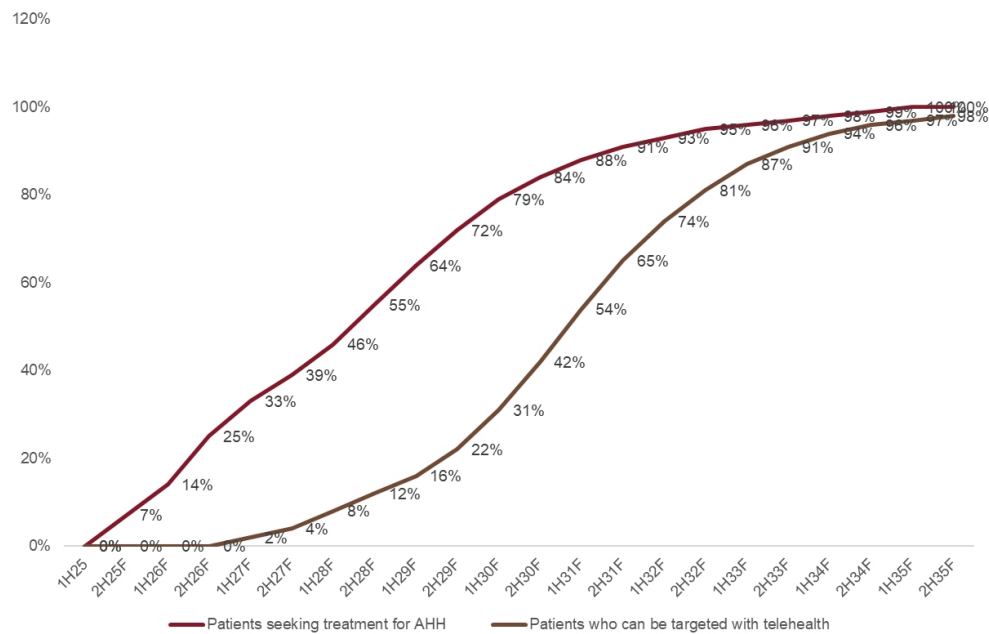
- Adherence is in line with our prior assumptions (79% vs 80%[E&Pf]) (see section below).
  
- **Our Thinking:**
  - Given the drug appears to be safe and efficacious, well-liked by doctors with positive feedback from an early sample of patients who have tried it, we don't envisage a fundamental change to peak penetration.
  - However, in the near term we have tempered our expectations for the gradient of uptake in the dermatology channel. Similarly, we have shifted back the digital launch in line with company commentary (see below).
  - BOTs definition of adherence is strict - based on the percentage of potential scripts that could be filled (or refilled) during a given window. In reality, a patient may receive a fill after the audit window but still be considered to be non-adherent.
  - For FY26, we have re-calibrated our prior forecast due to the new knowledge around the difference between patient arrivals and filled scripts, as well as to account for a shallower launch gradient than we initially forecast. However, we maintain our refill and adherence assumptions. E&Pf for total scripts in 1H26 and 2H26 are now (48k, 69k).
  - Taken together, our time to 90% peak penetration moves backwards by ~2 years for the derm channel and 4 years for the digital channel.

Figure 3 - Uptake Curve (Old)



Source: E&Pe

Figure 4 - Uptake Curve (New)



Source: E&Pe

## Prescriber Productivity

- The average number of patients per unique prescriber is < 2.
- We understand that some prescribers have written a hundred or more scripts, which implies that a vast number of HCPs have only prescribed Sofdra a single time.
- **Our Thinking:**
  - The reason for this situation is due to BOT's initial launch strategy to prioritise 'Reach' in their target territories to maximise the breadth of exposure to the new product.
  - Now the team will re-decile HCPs based on their overall number of scripts written in the category (including Sofdra) and re-prioritise the sales reps' target lists.
  - Given that some doctors are already highly productive, we assume that the sales team will share insights on what factors can contribute to this outcome.
  - Ultimately, patient scripts per HCP will saturate, and this is where lifting disease state awareness will become an important driver of further growth. The timing of the launch of the digital strategy may help in this regard, as will measures to increase the visibility of hyperhidrosis and Sofdra within clinics.

## Adherence

- BOT have a strict definition of adherence, that is calculated based on the actual number of scripts or refills as a percentage of total that could potentially be filled or refilled during each audit window.
- Company reports 95% adherence of people in the autorefill program and 79% adherence overall.
- **Our Thinking:**
  - We had previously assumed an adherence rate of 80%. We make no changes to this assumption at this stage.
  - As patients complete their initial script authorisation period (typically 1 year), we may experience a drop-off of patients as they are required to secure reauthorisations. It is currently unclear what this drop off rate will be. As we are modelling scripts from a top-down calculation from our uptake curves, the year-to-year persistency is accounted for.

## Price

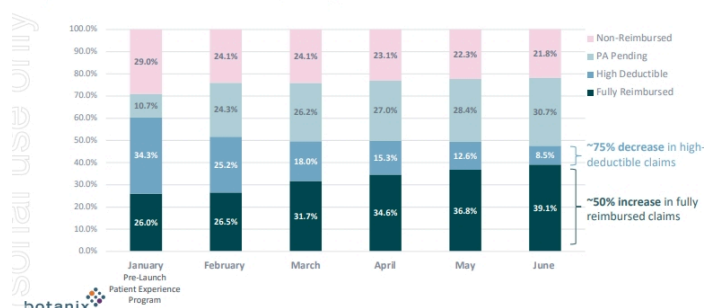
- We understand that the wholesale acquisition cost (WAC) or Gross Price is currently ~\$950 USD per bottle.
- **Our Thinking:**
  - We had previously assumed annual price rises in line with inflation.
  - However, given the company will be focused on sales growth in the near term, we do not forecast any price rises until 1H29.

## Reimbursement Categories and Gross-to-Net Yield

- The weighted average gross to net (GTN) yield for the period was in line with our assumption (~20% vs 20% [E&Pe]).
- In a previous note ([here](#)) we described "bridged scripts" as a simplification of non-fully-reimbursed categories as a way of conceptualising the evolution of aggregate or blended gross-to-net (GTN) yield. We took this approach as the company had not disclosed their aggregate (blended) GTN.
- Bridged Scripts are the equivalent of the 3 buckets described in the current BOT update as: "Non-Reimbursed", "PA-pending", and "High Deductibles" (with the caveat that some High Deductible scripts are technically only 'partially bridged').
- **Non-reimbursed** scripts are ones where the patient's insurer does not have a contract with BOT. Despite the fact that no revenue is derived from these scripts, they serve to facilitate uptake of Sofdra (BOT's commercial strategy) by avoiding unwanted noise in the clinical or patient community that might cause doctors or patients concern that the drug will not be delivered.
- **PA pending** BOT expects ~70% of these to transition into the reimbursed claims bucket over time (mostly within a month). ~60-65% of the plans require prior authentication so there will always be fresh PA-pending scripts each month.
- **High deductibles** will become smaller as the year progresses, but it is unlikely to disappear completely, as some people will never meet their deductible amount. At the start of next year, it will reset back to a similar level seen in Jan'25 as insurance plans reset (aka seasonality).
- **Fully Reimbursed** scripts as a proportion of all scripts is anticipated to grow over time as more patients are added.
- The company have guided to a target blended GTN yield of 30-40%.
- **Our Thinking:**
  - As we have previously described ([here](#)), the overall trend is for a greater proportion of fully-reimbursed scripts - which leads to an improvement in the aggregate blended GTN yield. The company are still aiming for a GTN yield of ~45% for fully reimbursed scripts.
  - It is difficult to forecast the temporal dynamics of each of the non-reimbursed buckets. At the end of each calendar year, the proportion of high deductible scripts will increase, and likewise, the proportion PA pending scripts will ebb and flow as patients move back and forth between this bucket and the fully-reimbursed bucket (e.g. at the end of their script period when a re-authorisation is needed).
  - Now that the company are providing the blended GTN, we will no longer model the proportion of "bridged" to "unbridged" scripts, and will instead forecast based on the existing trend and market comparable (BOT have provided the example of Zoryve, which we have independently validated).

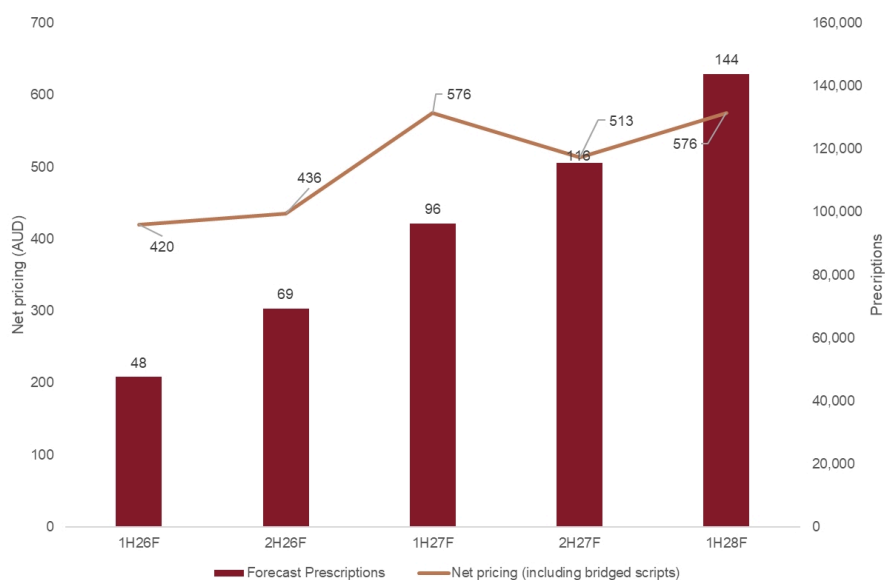
## Sofdra's GTN indicators are tracking positively to date

Fully reimbursed claims have increased ~50%, while high-deductible claims have decreased ~75%



- We also note that the non-reimbursed bucket appears to be plateauing at ~20-21%. This is higher than we had previously expected. However, it does appear to be broadly in line with the national coverage expectations that the company had previously disclosed (i.e. 266M coverage post Medicaid).
- It is possible that the proportion of non-reimbursed scripts will decline as the company continue their strategy of targeting regions with more favourable coverage.
- Furthermore, the company may choose to start charging patients without reimbursement a nominal fee (e.g. to cover COGS). Depending on the utility that Sofdra provides, this may affect the value proposition for some consumers whereby they are unwilling to pay for the product and naturally drop off the system, further improving blended GTN.
- Overall, we assume a blended net pricing evolution as depicted below:
  - 1H26F net price of A\$420 reflects a GTN yield of 27%
  - 2H26F net price of A\$436 reflects a GTN yield of 28%
  - 1H27F net price of A\$576 reflects a GTN yield of 37%
  - 2H27F net price of A\$513 reflects a GTN yield of 33%
  - 1H28F net price of A\$576 reflects a GTN yield of 37%

**Figure 5 - Prescriptions & Net Pricing**



Source: E&Pe



## Definition of Gross Revenue and Management Incentives

- Non-reimbursed scripts are currently included in the calculation of gross revenue.
- The company have chosen this approach because bottles of Sofdra are held on consignment by SendRx, and at the time of dispatch it is not known whether they will be reimbursed or not. If they were to account for "free goods" separately, a separate inventory and revenue recognition system would be required.
- **Our Thinking:**
  - Ultimately, there is no difference to Net Revenue from including "free samples" in the gross revenue, as they are accounted for in the lower GTN yield that results from this accounting treatment.
  - Sales team and managements short term incentives are all tied to Net Revenue. However, stock tranches are dependent on Gross Revenue.
  - We think that the market would prefer a clearer alignment in management incentives with Net Revenue targets.

## Digital Platform Pivot and Opex Budget

- The opex budget for FY26 is believed to be ~\$47M, which previously included a portion earmarked for digital marketing.
- However, BOT have now confirmed that the sales strategy will focus on the derm channel in the first instance.
- The funds previously allocated to digital marketing will now be used for hiring additional sales reps (6 in July and 17 in October).
- **Our Thinking:**
  - It will be critically important for BOT to stick to their budget, and there are some elements (e.g. pharmacovigilance, medical affairs support, database management, Kakken interactions, manufacturing quality control, etc) that are non-discretionary. Telehealth will also be maintained.
  - We have maintained our opex spend for FY26 at US\$47M, reallocating funds to the 23 new sales staff that will commence during the period.
  - Assuming an annual cost of US\$250k per rep, this budget appears to be achievable.

## Inventory Purchases

- BOT made an inventory buy at the end of the 2H25 Period, with an ~A\$11M manufacturing spend.
- Active Pharmaceutical Ingredients (API) purchases (bought from Kakken Pharmaceuticals) are made opportunistically and sporadically, as they are the largest drain on cashflow.
- **Our Thinking:**
  - We were under the impression that the company would flag large upcoming API buys, and as such we did not anticipate a large inventory spend in 2H25.
  - We do question why the company would spend so much cash on inventory at this time, given: a) they already made API purchases pre-launch A\$15.9M and after the most recent capital raise A\$6M on logistics & inventory; b) filled scripts are behind the expected trend; and c) the API lasts many years in storage.
  - We also question how many dollars of revenue is supported by each dollar of API.
  - Whilst we recognise that the company can defer API buys should net receipts be slower than projected, the market will be looking for clarity and assurances on the timing and quanta of future API purchases to ease concerns of a cash shortfall.
  - Going forward we assume inventory will be managed at the lower end of a 4 -7 month range following an initial draw down given guidance at the 4C quarterly update.

## Cashflows and Debt Covenants

Figure 6 - Cash flow

Cash Flows	FY25 E&Pe	FY25A	FY26F
Operating cash flow	-60.3	-79.3	-29.6
Investing cash flow	-0.9	-0.8	-0.1
Financing cash flow	68.3	65.8	-2.5
Net change in cash balance	7.1	-14.3	-32.1
Cash balance	86.6	64.9	32.8
Free cash flow	-60.2	-78.6	-29.5

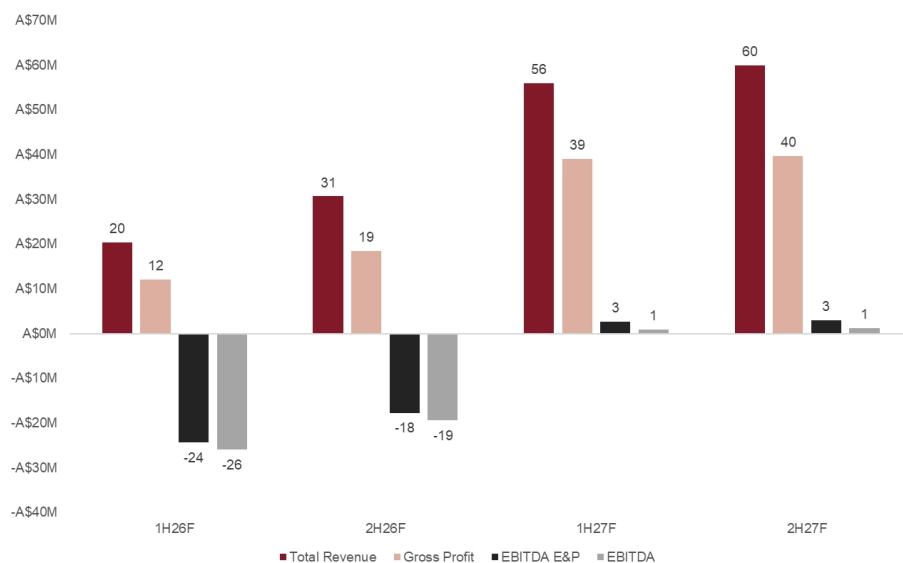
Source: Company, E&Pe

- Our prior FY25 forecast was based on prescriptions of ~28k with minimal working capital (inventory) investment.
- Following the 4C update we adjust our numbers to include those changes (~16k prescriptions & ~A\$11 inventory purchase).
- There is a minimum cash covenant of US\$5M, with lender, Kreos Capital, also granted observer rights to the board (non-voting). That said, there are performance measures related to the debt agreement but only for the drawdown of the second tranche. The conditions are not considered to be lofty by mgt. Kreos would also likely have to approve any further platform expansion.

## Model Update and Valuation

- Extended forecast period by 5 years.
- Modified uptake curves for both groups and pushed out digital uptake curve 12-18 months. This resulted in a corresponding decrease in digital and marketing spend for the relevant periods although, that spend has been redirected to sales rep costs.
- Opex to remain on a budget of ~US\$47 or ~A\$73M in FY26.
- Modified GTN assumptions to an average of 27.5% in FY26 and 35% in FY27 with an average of 34% for the visible forecast period, within the company's target range of 30-40%.
- Adjusted inventories to reflect management to 4 months 'on hand' and draw-down of inventory this period following management comments at the 4C update (Jul'25).
- Lifted receivables to remain conservative on working capital assumptions.
- Removed price rises from early periods (some in later periods starting from 1H29).

**Figure 7 - Key Financials**



Source: E&Pe

## Key Risks

- Larger or more frequent API purchases, or a lower GTN yield, would raise concern of a cash shortfall. Anything that the company can do to alleviate these concerns would send a strong positive signal to the market.
- The company have previously discussed adding new products to their platform. There is sense to this aspiration given the mechanical leverage added by the single point distribution model and auto-refill program. However, the overwhelming sentiment that we are reading from the market is that a new product would not be well-received until Sofdra has proven itself to be truly profitable. Pleasingly, the rhetoric from management on this mornings' webinar indicated a strong focus on Sofdra.
- Changes to reimbursement/co-pay framework for insurers could influence GTN yield or BOT's business model
- Changes to relationship with SendRx could influence BOT's 'efficient' platform offering as BOT relies on SendRx for its strategic consignment model

**Figure 8 - Earnings revisions**

A\$m	FY25E			FY26E			FY27E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Net revenue	9.5	6.0	-36.7%	112.1	51.1	-54.4%	242.3	115.8	-52.2%
EBITDA E&P (Ex-SBP)	(48.3)	(53.2)	n/a	3.6	(42.1)	n/a	97.2	5.5	-94.3%
EBITDA	(60.5)	(65.4)	n/a	0.4	(45.4)	n/a	93.8	2.1	-97.7%
NPAT	(62.3)	(67.3)	n/a	(5.4)	(51.7)	n/a	66.6	(4.4)	n/a
EBITDA margin	-637.0%	-1087.9%	-451pp	0.3%	-88.8%	-89pp	38.7%	1.8%	-37pp
NPAT margin	-653.6%	-1118.5%	-465pp	-4.8%	-101.2%	-96pp	27.5%	-3.8%	-31pp

Source: E&Pe

## Botanix Pharmaceuticals, Speculative Buy, VALUATION 0.43

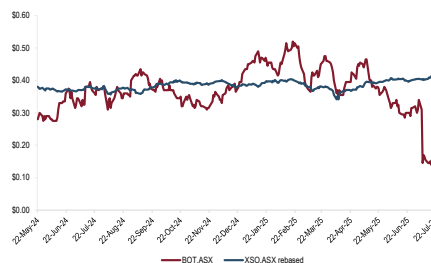
### INVESTMENT THESIS

Botanix Pharmaceuticals (ASX:BOT) is a dermatology company based in Philadelphia and Phoenix, USA which launched its lead product, sofipironium bromide (SB), 15% gel (sold as 'Sofdra') for the treatment of primary axillary hyperhidrosis (PAH; excessive underarm sweating) at the start of CY25. Hyperhidrosis represents a sizeable clinical unmet need, affecting more than 1 in 20 people globally at varying degrees of severity, with PAH in roughly half of these cases. Botanix's commercial platform which is used for Sofdra offers further scope to magnify the economics of other pharmaceutical treatments, with BOT having flagged its intention to pursue strategic additions.

Sofdra is the first and only new chemical entity developed to treat primary axillary hyperhidrosis, and is positioned to be a leading first line and second line therapy for patients with this condition. Sofdra achieved statistical significance on all primary and secondary endpoints and was found to have a favourable safety profile in Phase 3 pivotal studies and in a 48-week long term safety study. The US FDA approved the NDA for Sofdra in June 2024.

### NEAR TERM CATALYSTS

- US Launch
- Quarterly US sales figures
- Japanese Ecclock sales
- Impact of competition sales growth
- Further clinical safety and efficacy data
- Platform expansion



## FINANCIAL SUMMARY

Botanix Pharmaceuticals					BOT-ASX									
As at:					Recommendation:					Share Price:				
28/07/2025					Speculative Buy					0.16				
Year end	Jun	2024A	2025E	2026E	2027E	Year end	Jun	2024A	2025E	2026E	2027E			
INCOME STATEMENT						CASH FLOW								
Sales Revenue		0.6	6.0	51.1	115.8	EBITDA		(13.9)	(65.4)	(45.4)	2.1			
Sales & service revenue		2.1	6.0	51.1	115.8	(Increase)/decrease in NWC		5.7	(16.0)	17.8	(9.0)			
Cost of sales		0.0	(3.0)	(20.5)	(37.1)	Net interest paid		0.1	2.1	(2.0)	(1.7)			
Gross profit		0.0	3.1	30.6	78.7	Operating cash flow		(8.1)	(79.3)	(29.6)	(8.6)			
EBITDA E&P		(9.5)	(53.2)	(42.1)	5.5	Capex		(0.1)	(0.8)	(0.1)	(0.1)			
Share payments		(4)	(12)	(3)	(3)	Net disposals/(acquisitions)		(17.9)	0.0	0.0	0.0			
EBITDA		(13.9)	(65.4)	(45.4)	2.1	Investing cash flow		(18.0)	(0.8)	(0.1)	(0.1)			
EBIT		(14.0)	(68.5)	(49.7)	(2.6)	Share issues/(buybacks)		95.1	37.6	0.0	0.0			
Reported NPAT		(13.9)	(67.3)	(51.7)	(4.3)	Debt issued/(repaid)		0.0	28.1	(2.1)	(12.4)			
Year end	Jun	2024A	2025E	2026E	2027E	Lease payments		0.0	(0.4)	(0.4)	(0.5)			
TRADING MULTIPLES AND RETURNS						Financing cash flow								
EV / sales		144.7	49.5	5.9	2.6	Net change in cash		69.0	(14.3)	(32.1)	(21.7)			
EV / EBITDA		(31.4)	(5.6)	(7.1)	54.1	Free cash flow		(8.0)	(78.6)	(29.5)	(8.5)			
EV / EBIT		(21.4)	(4.4)	(6.0)	(114.3)	Year end	Jun	2024A	2025E	2026E	2027E			
ROE		(21.2)	(66.0)	(73.1)	(9.4)	BALANCE SHEET								
Year end	Jun	2024A	2025E	2026E	2027E	Cash & cash equivalents		79.3	64.9	32.8	11.1			
CAPITAL STRUCTURE AND LEVERAGE						Trade & other receivables		0.8	2.5	7.6	14.8			
Net debt/(cash)		(79.3)	(33.9)	(3.9)	5.4	Inventories		1.2	27.5	8.0	13.3			
Net debt / equity (%)		(72.9)	(35.7)	(8.4)	11.7	Other current assets		1.6	1.5	1.5	1.5			
Source: Company data, E&P estimates						Total current assets		82.9	96.3	49.8	40.7			
						Property, plant & equipment		0.1	0.1	0.1	0.1			
						Right of use asset		0.0	1.6	3.0	4.0			
						Goodwill		29.5	28.9	25.1	21.4			
						Other non-current assets		0.0	0.0	0.0	0.0			
						Total non-current assets		29.6	30.5	28.2	25.5			
						Total assets		112.5	128.2	78.0	66.2			
						Trade & other payables		3.6	5.4	5.5	5.5			
						Current lease liabilities		0.0	0.7	1.2	1.7			
						Other current liabilities		0.1	0.3	0.3	0.3			
						Total current liabilities		3.7	6.3	7.0	7.5			
						Long term debt		0.0	31.0	28.9	16.5			
						Lease liabilities		0.0	1.0	1.9	2.6			
						Total non-current liabilities		0.0	32.0	30.8	19.1			
						Total liabilities		3.7	38.3	37.7	26.6			
						Ordinary share capital		188.3	226.0	226.0	226.0			
						Total shareholder's equity		108.7	94.9	46.6	45.9			

## RESEARCH RECOMMENDATION DEFINITIONS

Positive	Stock is expected to outperform the S&P/ASX 200 over the coming 24 months.
Neutral	Stock expected to perform in line with the S&P/ASX 200 over the coming 24 months.
Negative	Stock is expected to underperform the S&P/ASX 200 over the coming 24 months.
Speculative Buy	Stock has limited history from which to derive a fundamental investment view or its prospects are highly dependent on event risk, e.g. Successful exploration, scientific breakthrough, high commodity prices, regulatory change, etc. Consequently, the stock is considered a high-risk investment which may be prone to high volatility in share price movements, have a greater risk of capital loss and/or the stock may have low liquidity.
Suspended	Stock is temporarily suspended due to compliance with applicable regulatory and/or E&P policies in circumstances where E&P is acting in an advisory capacity.
Not Rated	Stock is not included in our investment research universe.

## Research Criteria Definitions

Recommendations are primarily determined with reference to how a stock ranks relative to the S&P/ASX 200 on the following criteria:

Valuation	Composite of Rolling 12-month prospective multiples and discounted cash flow (DCF), or DCF for resource stocks.
Earnings Outlook	Forecast 2-year EPS growth.
Earnings Momentum	Percentage change in the current consensus EPS estimate for the stock (rolling 1-year forward basis) over the consensus EPS estimate for the stock 3 months ago.
Shareholder Returns	Composite of forecast ROE (rolling 1-year forward basis) and the percentage change in ROE over 2 years.
Debt Servicing Capacity	Rolling 12-month EBIT Interest Cover ratio.
Cyclical Risk	Qualitative assessment of the 2-year outlook for a stock/industry's profit cycle.
Industry Quality	Qualitative assessment of an industry's growth/returns potential and company specific management capability.
Financial Transparency	If we don't understand it, we won't recommend it.

For stocks where Evans and Partners does not generate its own forecasts, Bloomberg consensus data is used. Analysts can introduce other factors when determining their recommendation, with any material factors stated in the written research where appropriate.

**RESEARCH**

Cameron McDonald	Transport, Infra, Waste, Packaging	Managing Director, Head of Research	cameron.mcdonald@eandp.com.au	+61 3 9235 9709
Paul Mason	Technology	Managing Director	paul.mason@eandp.com.au	+61 3 9631 9867
Julian Mulcahy	Small Caps	Managing Director	julian.mulcahy@eandp.com.au	+61 3 9235 9713
Adam Martin	Energy	Executive Director	adam.martin@eandp.com.au	+61 3 9235 9724
Olivier Coulon	Small Caps	Executive Director	olivier.coulon@eandp.com.au	+61 2 8070 6634
Phillip Kimber	Consumer	Executive Director	phillip.kimber@eandp.com.au	+61 3 9631 9873
Robin Young	Wealth	Executive Director	robin.young@eandp.com.au	+61 3 9235 9730
Entcho Raykovski	Telco, Media	Executive Director	entcho.raykovski@eandp.com.au	+61 3 9235 9719
David Nayagam	Healthcare	Executive Director	david.nayagam@eandp.com.au	+61 3 9235 9704
Sacha Krien	Healthcare	Executive Director	sacha.krien@eandp.com.au	+61 3 9235 9715
Harry Saunders	Building Materials	Associate Director	harry.saunders@eandp.com.au	+61 3 9235 9744
Kieran Harris	Small Caps	Associate	kieran.harris@eandp.com.au	+61 3 9235 9749
Kade Madigan	Consumer	Associate	kade.madigan@eandp.com.au	+61 2 8070 6637
Branko Skocic	Energy	Associate	branko.skocic@eandp.com.au	+61 3 9235 9705
Jessica Scott	Consumer	Associate	jessica.scott@eandp.com.au	+61 2 8070 6638
Sam Bradshaw	Gaming	Associate	sam.bradshaw@eandp.com.au	+61 3 9235 9706
Hamish Frazer	Media, Telco	Associate	hamish.frazer@eandp.com.au	+61 3 9235 9747
Nick Torelli	Transport, Infra, Packaging	Associate	nick.torelli@eandp.com.au	+61 3 9235 9736
Annabel Khun	Technology	Associate	annabel.khun@eandp.com.au	+61 3 9235 9737
Shankari Thayakaran	Small Caps	Associate	shankari.thayakaran@eandp.com.au	+61 3 8070 6635

**SALES AND TRADING (AUSTRALIA)**

Alex Rock	Head of Institutional Equities	Managing Director	alex.rock@eandp.com.au	+61 2 8070 6617
Adam Woods	Head of Sales Trading	Managing Director	adam.woods@eandp.com.au	+61 2 8070 6671
Andrew Tanner	Institutional Equities Sales	Managing Director, Snr Advisor	andrew.tanner@eandp.com.au	+61 3 9235 9781
Sam Fletcher	Institutional Equities Sales	Managing Director	sam.fletcher@eandp.com.au	+61 2 8070 6615
Anna Lenzner	Institutional Equities Sales	Executive Director	anna.lenzner@eandp.com.au	+61 2 8070 6652
Steven Marchio	Institutional Equities Sales	Executive Director	steven.marchio@eandp.com.au	+61 3 9235 9752
Bill Forde	Institutional Equities Sales	Executive Director	bill.forde@eandp.com.au	+61 2 8070 6626
Alexander Blight	Sales Trader	Executive Director	alexander.blight@eandp.com.au	+61 2 8070 6629
Simon Bernadou	Institutional DTR	Associate Director	simon.bernadou@eandp.com.au	+61 2 8070 6672
Mark Steer	Institutional Sales Trading	Associate Director	mark.steer@eandp.com.au	+61 3 9235 9708
Taylor Duong	Head of Middle Office	Associate Director	taylor.duong@eandp.com.au	+61 2 8662 9722
Harry Barrett	Institutional Sales Trading	Associate	harry.barrett@eandp.com.au	+61 2 8070 6669
Michael De Palma	Institutional Sales Trading	Associate	michael.depalma@eandp.com.au	+61 2 8070 6670

**INSTITUTIONAL SALES (HONG KONG)**

Olivia Cartwright	Australian Equities Sales	Director	olivia.cartwright@eandp.com.au	+852 2303 5787
Mitchel Holloway	Australian Equities Sales	Associate Director	Mitchell.holloway@eandp.com.au	+852 2303 5787

**FIXED INCOME**

James O'Hare	Head of Fixed Income	Executive Director	james.ohare@eandp.com.au	+61 3 9631 9891
Daniel Jetter	FI Sales & Trading	Director	daniel.jetter@eandp.com.au	+61 3 9631 9801
Stefan Cvetkovic	FI Sales & Trading	Associate Director	stefan.cvetkovic@eandp.com.au	+61 3 9235 9731
Stephanie Siomos	FI Sales & Trading	Associate Director	stephanie.siomos@eandp.com.au	+61 3 9631 9887

**CORPORATE ACCESS**

Tanya Irvine	Head of Corporate Access	Executive Director	tanya.irvine@eandp.com.au	+61 2 8070 6612
Paris Gutierrez	Senior Corporate Access Specialist	Associate Director	paris.gutierrez@eandp.com.au	+61 2 8070 6611
Czarlette Cheika	Corporate Access Specialist	Associate	czarlette.cheika@eandp.com.au	+61 2 8070 6622
Anji Pandey	Corporate Access Specialist	Coordinator	anji.pandey@eandp.com.au	+61 2 8662 9751
Tiana Mioni	Corporate Access Specialist	Team Assistant	tiana.mioni@eandp.com.au	+61 2 8662 9746

**Office locations****AUSTRALIA – EVANS AND PARTNERS PTY LTD****Sydney**

Level 32, 1 O'Connell Street  
Sydney NSW 2000

**T** +61 2 8070 6600

**F** +61 2 8569 0386

**W** eandp.com.au

**Melbourne**

Level 9, 171 Collins Street  
Melbourne VIC 3000

**T** +61 3 9631 9888

**F** +61 3 8610 1608

**HONG KONG – E&P ASIA (HK) LIMITED****Hong Kong**

Suite 2812, Level 28 One Chinachem Central, 22 Des Voeux Road Central,  
Central, Hong Kong

**T** +852 2303 5787



## GENERAL RESEARCH DISCLAIMER, WARNING & DISCLOSURES

In Australia, this document is provided by Evans and Partners Pty Ltd ABN 85 125 338 785, holder of AFSL 318075, trading as E&P Research (**Evans and Partners**).

In Hong Kong, this document is issued by E&P Asia (HK) Limited (company number: 2918464) (**E&P Asia**) which is licensed under the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (**SFO**) for Types 1 and 4 regulated activities (CE number: BPX011).

Please refer to the document entitled 'Research Conflicts of Interest Disclosure' available for download from the Important Disclosures section of our website ([www.eap.com.au](http://www.eap.com.au)) and Evans and Partners' Financial Services Guide (FSG) which is also available on our website.

The information is **general advice only** and does not take into consideration an investor's objectives, financial situation or needs. Before acting on the advice, investors should consider the appropriateness of the advice, having regard to the investor's objectives, financial situation and needs. If the advice relates to a financial product that is the subject of a Product Disclosure Statement (e.g. unlisted managed funds) or other disclosure document, investors should obtain the PDS or other disclosure document and consider it before making any decision about whether to acquire the product.

The material contained in this document is for information purposes only and does not constitute an offer, solicitation or recommendation with respect to the purchase or sale of securities. It should not be regarded by recipients as a substitute for the exercise of their own judgment. Investors should be aware that past performance is **not an infallible indicator** of future performance and future returns are not guaranteed.

Any opinions and/or recommendations expressed in this material are subject to change without notice and none of Evans and Partners, its related companies, associated entities, or any of their respective officers, employees, agents, advisers or contractors (**E&P Group**) are under any obligation to update or keep current the information contained herein. References made to third parties are based on information believed to be reliable but are not guaranteed as being accurate.

This document is provided to the recipient only and is not to be distributed to third parties without the prior consent of Evans and Partners, or E&P Asia (in the case of Hong Kong).

### HONG KONG

By accessing this document, the recipient represents and warrants they are a "professional investor" within the meaning of the definition of that term in Schedule 1 to the SFO. If this document has been received in error, please contact E&P Asia at 2812, Level 28, One Chinachem Central, 22 Des Voeux Road Central, Central, Hong Kong.

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. If you have any doubt about any of the contents of this document, you should obtain independent professional advice.

No relationship is intended to be created between research analysts and recipients, except where necessary licenses and approvals have been obtained. Should you have any questions regarding this document, please contact E&P Asia on +852 2303 5787.

### DISCLOSURE OF INTERESTS

One or more members of the E&P Group may have an interest in the securities or derivatives of any entities referred to in this material. The E&P Group does, and seeks to do, business with companies that are the subject of its research reports.

## CORPORATE RELATIONSHIP DISCLOSURE

Security	Nature of relationship
ACL	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
BOT	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
AOV	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
CD1	E&P Financial Group Limited (E&P) partly and/or wholly owns or controls entities that provide services in relation to CD Private Equity Fund I (CD1) for which they receive fees. Evans and Partners is a wholly owned subsidiary of E&P. Directors or employees of E&P and/or its related bodies corporate are directors of the entities that provide services in relation to CD1. Each individual receives remuneration from E&P and/or its related entities. A subsidiary of E&P is currently providing services under a transitional services agreement with K2 Asset Management Holdings Limited, the Responsible Entity.
CD2	E&P Financial Group Limited (E&P) partly and/or wholly owns or controls entities that provide services in relation to CD Private Equity Fund II (CD2) for which they receive fees. Evans and Partners is a wholly owned subsidiary of E&P. Directors or employees of E&P and/or its related bodies corporate are directors of the entities that provide services in relation to CD2. Each individual receives remuneration from E&P and/or its related entities. A subsidiary of E&P is currently providing services at cost under a transitional services agreement with K2 Asset Management Holdings Limited, the Responsible Entity.
CD3	E&P Financial Group Limited (E&P) partly and/or wholly owns or controls entities that provide services in relation to CD Private Equity Fund III (CD3) for which they receive fees. Evans and Partners is a wholly owned subsidiary of E&P. Directors or employees of E&P and/or its related bodies corporate are directors of the entities that provide services in relation to CD3. Each individual receives remuneration from E&P and/or its

related entities. A subsidiary of E&P is currently providing services at cost under a transitional services agreement with K2 Asset Management Holdings Limited, the Responsible Entity.

CGHE	The Investment Manager (IM) of Claremont Global Fund (Fund), and Evans and Partners Pty Ltd (EAP) are wholly owned subsidiaries of E&P Financial Group Limited (E&P) and related bodies corporate. The IM will receive fees for services provided to the Fund. The Portfolio Managers of the Fund are employees of E&P and/or its related bodies corporate. Each individual receives remuneration from E&P and/or its related entities.
CVB	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
CGUN	The Investment Manager (IM) of Claremont Global Fund (Fund), and Evans and Partners Pty Ltd (EAP) are wholly owned subsidiaries of E&P Financial Group Limited (E&P) and related bodies corporate. The IM will receive fees for services provided to the Fund. The Portfolio Managers of the Fund are employees of E&P and/or its related bodies corporate. Each individual receives remuneration from E&P and/or its related entities.
DGT	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
DN1	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
EBR	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
EXP	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security. E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has previously provided advisory services to the company.
GCI	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
IFM	The Issuer has appointed Evans and Partners Pty Ltd as Broker to an on-market buy-back. Accordingly, Evans and Partners Pty Ltd may be restricted from giving sellers advice in respect to a sale of this security.
IMU	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has been appointed Joint Lead Manager and Joint Bookrunner to an offering of securities of the company or its affiliates, for which it will receive a fee.
LE.US	A director of E&P Financial Group Limited, the ultimate holding company of Evans and Partners Pty Ltd, is a director of Lands' End Inc.
MQG	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MXT	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
MRE	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
OFX	Evans and Partners Pty Ltd has acted as broker to an on-market buy-back for the Issuer in the last 12 months and received a fee for its services.
PGF	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
PYC	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
QRI	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
RF1	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.
WMX	E&P Capital Pty Limited, a related entity of Evans and Partners Pty Ltd, has arranged, managed or co-managed an offering of securities of the company or its affiliates in the past 12 months, for which it received a fee.

## **RESEARCH ANALYST CERTIFICATION**

I, David Nayagam, Thomas Wegner, Sacha Krien and Paul Grace, hereby certify that all views expressed in this publication reflect my personal views about the subject theme and/or relevant company securities, and no attempt has been made by any other person to influence the views or themes contained within; and I am not in receipt of inside information and this publication does not contain any inside information. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

The above certifications are provided in accordance with applicable regulatory requirements.

## **DISCLAIMER**

Except for any liability which cannot be excluded, no E&P Group member, nor any of their respective directors, employees and agents accept any liability or responsibility whatsoever for any loss or damage of any kind, direct or indirect, arising out of the reliance on or use of all or any part of this material, or for any errors, omissions, defects or misrepresentations in the materials. The information is subject to change without notice, and the E&P Group are not under any duty to update or correct it. Additional information may be available upon request.