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ASX Spotlight Asia

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Actinogen Medical

Novel approach to Alzheimer's disease

Actinogen (ACW) is developing Xanamem for the treatment for Alzheimer's disease (AD). Xanamem is currently in a multiple ascending dose Phase I study (results due mid-2015), with a randomised Phase II study in early or prodromal AD planned for 2016. A$10m raised through a placement in April 2015 provides funds to support the planned Phase II. AD is an enormous market with few approved drugs, so any signs of efficacy from clinical trials could be a strong catalyst to the share price.

Targeting cortisol a novel approach to AD

Xanamem blocks the formation of the stress hormone cortisol in the brain. High levels of cortisol have been shown in human and animal models to produce clinical signs and symptoms similar to AD. Blocking the production of cortisol has been shown to reverse the negative effects of high levels of cortisol in the brain. Studies in rodent models of AD showed that Xanamem improved cognitive performance and reduced the number of β amyloid plaques in the brain.

Biogen brings new optimism for Alzheimer's drugs

AD has been a difficult area for drug development, with a number of drugs failing in Phase III trials. However, the recent very promising results from a Phase I trial of Biogen's aducanumab, where higher doses of the drug showed greater reductions in plaque and improvements in cognitive performance, renew confidence that it is possible to develop effective drugs for the disease. Analysts estimate peak sales of Biogen's drug could be as high as US$14.5bn. Aducanumab and Xanamem have different mechanisms of action, so the two drugs would not be direct competitors; many AD patients would be likely to take multiple concurrent therapies.

Xanamem acquired in December 2014

Actinogen acquired Xanamem in December 2014 through the purchase of Corticrine, a spin-out from the University of Edinburgh. The University now holds ~10% of Actinogen stock. Early development of Xanamem was funded by the Wellcome Trust, which provided ~A$25m over seven years.

Valuation: High-risk/high-return proposition

Actinogen raised A$10m through a placement at A$0.095/share in April 2015; a share purchase plan could raise an additional A$1m in May. The Phase I trial will report on safety and tolerability in mid-2015, while a follow-on study will confirm the pharmacokinetics of Xanamem in the brain. The key Phase II efficacy data are expected late 2017. The company has an EV of c A$44m. At this point, the potentially high rewards must be balanced against the commensurately high risk.

Historical financials

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	0.0	(0.2)	(18.0)	0.0	N/A	N/A
06/14	0.0	(0.4)	(29.0)	0.0	N/A	N/A

Source: Company data

Pharma & biotech

Price*	A$0.08
Market cap	A$48m

*As at 13 May 2015

Share price graph

Share details

Code	ACW
Listing	ASX
Shares in issue	597.4m

Business description

Actinogen Medical is focused on the treatment of Alzheimer's disease (AD) and mild cognitive impairment. The lead candidate drug Xanamem blocks the development of cortisol, which appears to contribute to cognitive impairment, amyloid plaques and neural death – hallmarks of Alzheimer's disease.

Bull

- AD is an enormous market with few approved treatments.
- Multiple ascending dose Phase I to report mid-2015.
- Well financed following placement through to the anticipated end of Phase II in late 2017.

Bear

- Historic high failure rate of AD drugs.
- Phase II efficacy data not expected until end 2017.
- Further funding may be required to complete Phase II trial if recruitment takes longer than expected.

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Anteo Diagnostics

Pharma & biotech

Nanoscience for faster detection of disease, increased battery capacity and beyond

Anteo Diagnostics (ADO) is the parent company of Anteo Technologies. Anteo Technologies is providing scientists with powerful new tools developed with its patented core nanotechnology, Mix&Go. Its products and custom solutions reduce manufacturing costs of diagnostic tests and help to improve medical devices and in vitro diagnostic methods. Anteo has also used Mix&Go technology to develop a drop-in solution for battery manufacturing that increases battery capacity and reduces time to charge, potentially enabling the production of smaller and cheaper batteries.

Mix&Go technology in diagnostics

Mix&Go utilises co-ordination chemistry for the gentle and secure multipoint binding of biomolecules to synthetic materials. Advantages of the technology include ease of use, increased antibody binding capacity and improved functionality, creating improved diagnostic tests and enabling faster detection of disease. Anteo Mix&Go Coupling and Activation Kits are being used by scientists from many disciplines.

Anteo collaborations

Cook Medical Australia and IMRA America have recently entered into separate partnerships with Anteo to develop products with broad applications in the medical device, in vitro diagnostic and life science markets. Veritas has signed an agreement to obtain exclusive distribution rights to the Mix&Go product range in Japan. Anteo has also expanded an R&D agreement with a large global healthcare company for the use of Mix&Go in a hand-held immunoassay analyser, which is being developed as a diagnostic point-of-care device. This agreement follows the successful completion of an 18-month feasibility study.

Potential to expand beyond diagnostic tests

Anteo has filed patents in the battery space and continues to exploit the IP and manufacturing opportunities of its core nanotechnology platform.

Valuation: EV reflects potential Mix&Go uptake

With cash of A$5.7m (as at 31 March 2015) and a market capitalisation of A$68m, Anteo has an enterprise value of ~A$62m. FY14 results (financial year end 30 June) included a loss of A$2.5m on sales of goods and services of A$0.3m and total revenue of A$2.6m, including grants and R&D tax rebate. Operating cash outflow for the first nine months of FY15 was A$2.0m. At the current cash burn rate the company has sufficient funds for two years of operations.

Historical financials

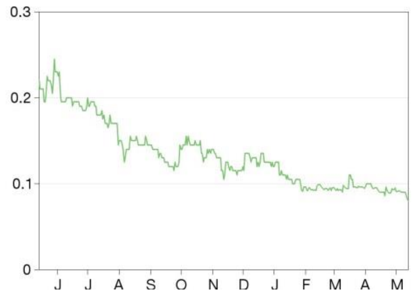
Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	0.2	(2.2)	(0.3)	0.0	N/A	N/A
06/14	0.3	(2.5)	(0.3)	0.0	N/A	N/A

Source: Company data

Price*	A$0.08
Market cap	A$68m

*As at 13 May 2015

Share price graph



Share details

Code	ADO
Listing	ASX
Shares in issue	844.8m

Business description

Anteo Diagnostics (ADO) delivers nanotechnology powered solutions that support the medical device and in vitro diagnostics markets. Beyond these sectors, Anteo is realising the global commercial potential of its core technology, recently filing patents in the battery manufacturing space.

Bull

- Successful collaborations could see Mix&Go widely adopted.
- Cutting edge proprietary Mix&Go nanotechnology platform.
- Potential applications beyond diagnostic tests.

Bear

- Collaborations might not result in commercial products.
- Further funding may be required to invest in battery technology and a potential acquisition.
- It can take some time for customers to develop and launch products that utilise Mix&Go.

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EDISON

Bionomics

Pharma & biotech

Focused on discovery and early out-license

Bionomics (BNO) is successfully executing its strategy of discovering promising drug candidates via its proprietary technology platforms and out-licensing to a partner at an early stage, as evidenced by two preclinical licence deals with Merck & Co. The company has identified three additional drugs as suitable candidates for out-licensing at their current stage of development. Clinical trials for BNC210 in anxiety (Phase II underway) and BNC101 in solid tumours (Phase I planned for H215) will generate additional clinical data to drive future licensing deals.

Strong discovery platform

Bionomics develops innovative therapeutics for cancer and central nervous system (CNS) diseases that are discovered via its four proprietary technology platforms. Its strategy is to out-license these novel drug candidates at an early stage.

Partnerships with Merck in pain and Alzheimer's

In June 2014, Bionomics licensed Merck exclusive worldwide rights to its preclinical BNC375 programme, targeting cognitive dysfunction associated with Alzheimer's disease and other CNS conditions. Merck paid Bionomics US$20m upfront and will assume responsibility for all clinical development. A total US$506m is payable in milestones, plus sales royalties. Previously, in August 2013, Bionomics and Merck entered a separate US$172m deal to discover and develop small molecules to treat chronic and neuropathic pain.

Multiproduct pipeline

The company's platform technologies have delivered a multiproduct pipeline. BNC210, which was reacquired from Ironwood in 2014, began a Phase II trial in anxiety in April 2015. BNC101, an antibody that targets cancer stem cells, will start Phase I in solid tumours in H215. BNO is seeking to out-license Phase II cancer drug BNC105, and preclinical drugs BNC420 (solid tumours; melanoma, breast) and BNC164 (psoriasis, multiple sclerosis, rheumatoid arthritis).

Valuation: Company is well funded

Bionomics recorded its first profit in FY14, after booking a significant portion of the BNC375 US$20m upfront licence fees. The company's cash position was A$33 at 31 March 2015, sufficient to fund operations beyond FY16 at the current burn rate. Future financing needs could be reduced by new partnerships for BNC105, or other pipeline assets, and receiving upfront and/or milestone payments.

Edison estimates

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	3.7	(10.0)	(2.7)	0.0	N/A	N/A
06/14	19.9	3.9	0.8	0.0	52.5	N/A
06/15e	14.3	(9.6)	0.6	0.0	70.0	N/A
06/16e	64.1	22.1	8.8	0.0	4.8	N/A

Source: Edison Investment Research

Price* A$0.42
Market cap A$176m

*As at 13 May 2015

Share price graph

Share details

Code	BNO
Listing	ASX
Shares in issue	418.1m

Business description

Bionomics is an Australian biotech company focused on cancer and the central nervous system (CNS). The company has secured two early-stage collaborations with Merck in Alzheimer's disease (BNC375) and pain. BNC210 is in a Phase II trial in anxiety. A partnership is sought for cancer drug BNC105 (Phase II) and two preclinical drugs.

Bull

- Strong track record of drug discovery and out-licensing.
- Promising BNC210 anxiety drug reacquired after Ironwood changed focus.
- Well financed.

Bear

- Reliance on partners.
- BNC105 Phase II in renal cancer produced mixed results, missing its primary endpoint but showing potential for subset with identified biomarkers.
- Development risk.

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Bionomics is a research client of Edison Investment Research Limited.

EDISON

Blue Sky Alternative Investments

Finance

In a different class

Blue Sky Alternative Investments (BLA) offers alternative investment returns from private equity, private real estate, hedge funds and infrastructure investments including water asset classes. The Brisbane-based company, which has over A$1bn in assets under management (AUM), was founded in 2006 and launched its IPO in 2012. From July 2006 to 31 December 2014, the company generated an internal rate of return (IRR) across its funds of 15.3% pa net of fees on an equity-weighted basis. Consensus forecasts for FY15 are within the company's guidance range.

Business model

BLA provides investors with access to private equity, private real estate, hedge funds and infrastructure investments through a range of wholly owned and equity-accounted associates. The company is headquartered in Brisbane, Australia with additional offices in Sydney, Adelaide and New York. It was established in 2006 and launched its IPO in 2012 to tap into the growing demand for alternative investment classes. The company generates income from management fees, performance fees and associates. BLA has more than A$1bn in AUM in a segment that superannuation database and researcher, Rainmaker Group, estimated grew by 35% in the 12 months to December 2014 and accounts for just under 20% of all investment classes. BLA's longer-term goals are to have A$1.5bn in AUM by June 2016 and A$2bn by June 2017.

Outperforming the benchmark

BLA announced in March that it had delivered a 15.3% IRR pa across its four asset classes between July 2006 and end December 2014. This compares with the 5.3% IRR delivered by the benchmark ASX 200 accumulation index over the same period. The company also benchmarks its individual asset classes against Chant West's investment surveys and has delivered significantly higher returns, particularly in private equity, which has returned 21.5% pa versus the benchmark performance of 5.1%.

Consensus estimates: Within the guidance range

The consensus forecast for FY15 EPS of 17.3c implies NPAT of A$9.3m. This falls in the middle of the guidance range given by BLA for underlying NPAT of A$8-10m.

Consensus estimates

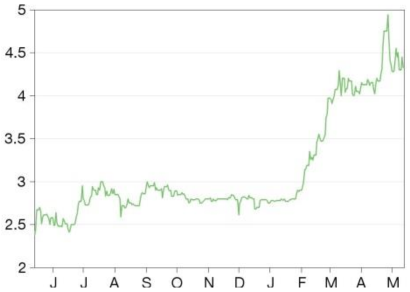
Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	10.6	0.9	4.7	5.7	41.7	1.3
06/14	32.2	3.6	8.1	7.0	54.6	1.6
06/15e	38.0	13.4	17.3	10.7	28.7	2.2
06/16e	44.6	17.6	24.8	14.9	20.4	2.9

Source: Thomson, Company reports

Price* A$4.33
Market cap A$244m

*As at 13 May 2015

Share price graph



Share details

Code	BLA
Listing	ASX
Shares in issue	56.3m

Business description

Blue Sky Alternative Investments is an Australia-listed alternative asset manager investing in all four primary alternative asset classes – private equity and venture capital, private real estate, hedge funds and real assets (water, infrastructure and agriculture).

Bull

- Proven track record with compound annual growth of investor returns (net of fees) of 15.3% from 2006 to December 2014 across all four asset classes.
- In March 2015, the company surpassed its target of A$1bn in assets under management by June 2015.
- Diversity of asset classes shields it from downturn in any one class.

Bear

- Changes to fiscal and/or monetary policy can impact on returns.
- Reliant on the quality of its investment team.
- A small player in a highly competitive market.

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Dacian Gold

Metals & mining

Growth as Mt Morgan advances to production

Dacian Gold (DCN) is taking a fresh look at the Mt Morgan gold project, which was operated by Dominion Mining in the 1990s. Applying new concepts and technology, DCN has identified new resources and new targets that may form the basis of a revived mining operation, with both open pit and high-grade underground mining, perhaps from 2017 or 2018.

Moving towards a feasibility study

DCN is developing the Mt Morgan gold project near Laverton, WA. Total reported gold resources across all exploration areas are 24.4Mt at 2.6g/t. Exploration at the site ceased in 2000 and did not resume until DCN acquired the project in 2012. There are two main mineralised systems: Westralia and Jupiter. DCN believes these are large gold systems with substantial potential for increases in resources. Ongoing exploration activity is intensive. The company is moving towards a feasibility study with possible gold production in CY17 or CY18 based on a high-grade underground mine at Westralia and an open pit mine at Jupiter.

Westralia resource: >1km long, but could be 3x longer

The Westralia resource was recently increased by approximately 40% to 4.6Mt at 5.8/t. The resource is 1,000m long and 720m deep. It is open at depth and to the north. An earlier widely spaced reconnaissance drill programme defined the Westralia mineralised system as at least 3,000m long. Significant mineralisation has been intersected up to 1.2km north of the expanded resource, on very similar geology. Infill drilling north of the existing resource commenced in May.

Jupiter: Inaugural resource estimate in June quarter

DCN believes Jupiter has the potential to be a multi-pit complex in time. In DCN's view, both Jupiter and the nearby Gold Fields-owned Wallaby deposit (>7Moz, a major contributor to the Granny Smith operation) appear to belong to an unusual mineralisation style in the same geological setting. DCN recently completed an infill drilling programme at the recently discovered Heffernan deposit in the Jupiter prospect. Below the mineralised Cornwall Shear Zone (CSZ), drilling intersected a thick zone of mineralisation associated with a syenite dyke. DCN has observed that syenite appears to act as an effective 'sink' for gold mineralisation.

Financials

At 31 March 2015, DCN had net cash of A$6.5m.

Historical financials

Year end	Revenue (A$m)	PBT (A$m)	EPS (A$)	DPS (A$)	P/E (x)	Yield (%)
06/13	0.54	(5.81)	(0.07)	0.0	N/A	N/A
06/14	0.49	(5.61)	(0.06)	0.0	N/A	N/A

Source: Company reports

Price*	**A$0.42**
Market cap	**A$40m**

*As at 13 May 2015

Share price graph

Share details

Code	DCN
Listing	ASX
Shares in issue	96.1m

Business description

Dacian Gold has the management and technical team that transformed Avoca Resources into one of Australia's most successful gold companies. Its strategy is to apply innovative concepts and technology to explore the Mt Morgan region with the objective of establishing a sizeable mining operation.

Bull

- Potential gold production by 2017 or 2018.
- High potential to substantially increase resources, especially by applying new technology such as transient electromagnetics (TEM) for testing Westralia BIF for high-grade gold mineralisation.
- Generally high gold grades, which may lead to lower costs. Toll treating a possible option to accelerate development and reduce capital costs.

Bear

- Mine development and a possible gold plant (CIL, heap leach) still need to be funded.
- Cash balance sufficient to fund exploration for approximately 12 months, but thereafter an equity raising may be required.
- Further exploration still needed to confirm the optimism.

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EDISON

dorsaVi

Healthcare

Injury prevention and management

dorsaVi (DVL) floated on the ASX on 11 December 2013 after raising A$18m (gross) at A$0.40/share. The company develops products that use motion analysis device technologies to produce laboratory quality movement data for analysing the performance of elite sportspersons as well as for use in the occupational health and safety (OHS), medical and physiotherapy markets. The products use wireless sensor technology and software to capture real-time accurate data to allow human movement to be analysed, thereby preventing and managing injuries.

Products

The products were conceived in 2000 and after 12 years in development, the first commercial product run was completed in April 2012. The features of the three products (ViMove for the clinical market, ViPerform for the Elite Sports market and ViSafe for the OHS market) include: objective measurement of movement both inside and outside the clinic; the ability to compare the results with the client's previous base-line movement or third party base-line movement data; identification of tasks that are high risk; real-time feedback with the aim of improving a client's movement; and the measurement of improvements over time. Since the float, DVL has signed contracts for the use of its ViMove technology at Royal Preston Hospital UK and Altnagalvin Hospital rheumatology department in Northern Ireland. Management expects these two contracts to open the door to more public hospital contracts in UK. In the OHS segment (which is currently the largest) additional sales have recently been made to existing customers including Crown Melbourne, BP Australia and Monash Health. DVL has also secured its first OHS contract in US with Caterpillar. There were 150 devices operating in the field in April 2015 (100 in Australia, 40 in Europe and 10 in USA).

Revenue model

Revenue is earned from outright device sales, from sales of consumables, from consulting and more recently from annuity-style revenues as the company moves away from outright device sales to a recurring revenue model.

Valuation: Early stage

The company continues to sign new contracts and as shown in its statement for the quarter ended 31 March 2015, it had quarterly revenue of A$0.25m of which annuity revenue was A$0.1m. This compares with A$0.5m for FY14. Net cash of A$7.85m should allow the company to continue to invest in product and market development. The early-stage nature of the commercialisation process means that we are unable to form a view on valuation.

Historical financials

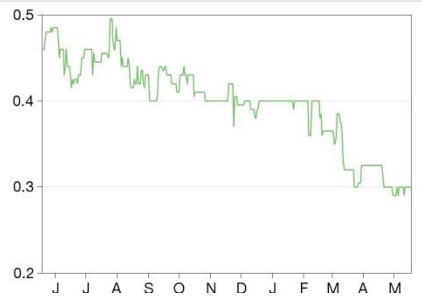
Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	0.4	(2.2)	N/A	N/A	N/A	N/A
06/14	0.5	(4.1)	N/A	N/A	N/A	N/A

Source: Company data. Note: Revenue represents sales revenue only.

Price*	**A$0.28**
Market cap	**A$37m**

*As at 19 May 2015

Share price graph



Share details

Code	DVL
Listing	ASX
Shares in issue	121.8m

Business description

dorsaVi (DVL) has products which use patented technology to provide accurate movement analysis for use in clinical practice, elite sports and occupational health and safety. Its products service three markets (US/Canada, Europe and Australia/New Zealand) and are sold by a direct sales force located in US, UK and Australia.

Bull

- Patented technology (in place to 2025).
- Supportive data from clinical trials on the treatment and prevention of lower back pain.
- Applicable to multiple markets.

Bear

- Further commercialisation still to be realised.
- Competition from further product development – eg Catapult Sports (CAT.ASX).
- Reimbursement rates in the medical segment.

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EDISON

Dubber Corporation

Information technology

Record everything

Dubber Corporation (DUB) listed its cloud-based call recording and audio asset management software business on ASX on 9 March 2015. This raised A$4.7m at A$0.20/share (an oversubscription of A$0.7m), using the already-listed shell company Crucible Gold. Funds raised (after costs) of ~A$4m are to be used for product and market development. Market development is embryonic with 1,166 SME users in Australia in November 2014.

Products

The cost-effective, user-friendly call recording and audio asset management software product has been designed specifically for cloud use and has been under development since 2010. It is now market-ready and is creating significant interest across the telecommunications industry. DUB's call recording as a service allows recordings from any source to be stored on a centralised secure platform, which is accessible on demand through DUB's applications or open APIs. The DUB software allows the recorded call content to be unlocked, searched and analysed. Telephone calls can be recorded with any party using Chrome or Firefox browsers without the need for additional software. The voice recordings are able to be integrated with the customer's own customer relationship management (CRM) system. DUB also provides an interface to allow the uploading of existing recordings to the Dubber cloud-based system. The product will be sold on a monthly subscription basis, thereby creating a potential recurring revenue stream.

Revenue model and route to market

The Dubber technology is applicable to the consumer and the SME and enterprise markets. A key plank of DUB's marketing strategy is to integrate the platform with the telephone networks (IP and mobile), as telecommunications companies continue to work on migrating customers from traditional telephone networks to their IP-based network platforms. Dubber, through its SaaS service, offers the SME market an affordable option for voice recording, storage and management. DUB has a master distributor and system integrator agreement with NTT Communications and has recently completed testing for the interoperability of the Dubber technology with the communications solutions offered by Broadsoft Inc (NASDAQ.BSFT). Broadsoft's 500+ telecommunication service provider clients will be able to use the Dubber cloud-based software technology on a SaaS basis.

Valuation: Too soon to quantify

DUB is still in the early stages of commercialisation and at this stage there is insufficient data to express a view on valuation.

Historic results

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	0.0	(1.8)	N/A	N/A	N/A	N/A
06/14	0.0	(2.3)	N/A	N/A	N/A	N/A

Source: Company data

Price* A$0.37

Market cap A$30m

*As at 19 May 2015

Share price graph

Share details

Code	DUB
Listing	ASX
Shares in issue	78.9m

Business description

Dubber Corporation (DUB) has developed technology that allows telephone calls to be recorded, stored and used to analyse customer interactions. The Dubber product is hosted in the leading cloud infrastructure platform AWS (Amazon Web Services) and sold as an SaaS product.

Bull

- Disruptive technology providing a superior and lower cost solution that is first to market.
- Allows customers to convert capital expenditure into operating expenditure using SaaS model.
- Does not require additional hardware.

Bear

- The current technology advantages could be short-lived in a rapidly moving market.
- Early stages of commercialisation.
- Large telecommunications customers may cause margins to contract, especially in the early stages of development as DUB tries to build market share.

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Eureka Group Holdings

Property management

Grey is the new gold

Eureka Group Holdings (EGH) owns a small, but rapidly expanding portfolio of retirement villages specifically targeted at senior citizens seeking rental accommodation. The company, based in Brisbane, Australia, manages 21 villages around Australia, with a particular focus on Queensland and South Australia. It currently has 1,291 units under management and directly owns another 374 units. The company is finalising its seventh acquisition in the past 12 months in Lismore. These acquisitions are expected to contribute between A$3.3m and A$3.7m to annualised EBITDA. Eureka generated A$1.5m EBITDA in FY14.

Changing business model

Eureka Group has been shifting its business model from operator to manager/owner/operator, which will deliver greater control over the performance of its assets. The company has particularly emphasised the importance of village managers in delivering tenant satisfaction and, ultimately, high occupancy rates. Currently, Eureka's villages under management enjoy occupancy rates in excess of 90%. The company earns revenue from management fees and from the care and maintenance of the tenants in its villages.

Consolidating industry

Eureka estimates that of the 1,750 retirement villages operating in Australia, around 250 have comparable assets to its own. The company has flagged that it sees opportunities to acquire another 50+ villages in the future and that many of the villages it currently operates could be potential targets for acquisition.

Capital raisings

The company has completed two equity raisings this financial year to date. In September 2014, Eureka raised A$1.4m at 15c/share from sophisticated and professional investors. In December 2014, the company raised another A$5m for acquisitions from an equity placement of 25c/share.

Eureka has also secured more favourable terms on its debt facilities with National Australia Bank, with a new five-year facility at 4.99%, negotiated in January 2015. The limit on this facility is A$14.05m, with A$12.6m drawn down at the time it was negotiated. The new facility substantially reduces Eureka's weighted average interest, which in FY14 was 8.7%.

Consensus estimates

There are no consensus estimates for Eureka Group.

Historical financials

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	10.9	0.1	0.1	0.0	N/A	N/A
06/14	10.1	0.7	0.8	0.0	56.3	N/A

Source: Company reports

Price*	**A$0.45**
Market cap	**A$72m**

*As at 13 May 2015

Share price graph

Share details

Code	EGH
Listing	ASX
Shares in issue	160.8m

Business description

Eureka Group is a provider of rental accommodation for senior citizens and people with disabilities. The group is a property asset manager of 21 villages nationally with 1,291 units under its management. It also owns 374 units after recently acquiring Elizabeth Vale Scenic Village in Adelaide for A$4.4m.

Bull

- Growing ageing population in need of accommodation alternatives.
- Highly fragmented industry requiring consolidation.
- Strong management team with more than 60 years' experience between team members.

Bear

- In acquisition phase and likely to raise additional equity.
- Consolidation risk in too rapid expansion.
- Potential regulatory risk should federal government take control from states.

Analysts

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IMF Bentham

Financials

World's most successful litigation funder

IMF Bentham (IMF) is Australia's largest litigation funder, with offices in Australia, the US and the UK. IMF listed on the ASX in 2001 and is one of only three litigation funders with global operations. It provides funding on a contingency basis to businesses and individuals with claims for loss or damage. IMF has a track record of funding access to a successful resolution which, because of a lack of funding or the litigant's risk profile, would otherwise not have been pursued.

Revenue model

In all jurisdictions other than the US, IMF is entitled to have all costs reimbursed and receives a share of the amount awarded to the client by judgement/settlement. A typical case results in the client receiving 65% of the settlement amount and IMF receiving 35%. Funded external costs are typically 12-13% of the amount settled. The balance (c 22%) provides IMF with funds to meet its costs (6-7%) and the remainder of c 15% of the amount awarded provides its pre-tax return. In the US the agreements reached are typically for a multiple of the amount invested. If IMF loses a case it is required to bear third-party costs and, in some cases, the costs of the defendant. IMF obtains downside protection by insuring against this risk.

Case portfolio

The case portfolio at 31 March 2015 was A$2bn which, with a 95% success rate, implies an aggregated net profit before tax of c A$256m (15% of A$1.7bn). At 31 December 2014 IMF had lost only six cases from a universe of 134 cases that were taken to settlement/court. Since December 2014 it has announced three losses (which are under appeal). IMF estimates the impact on earnings from these losses at c A$25m. The timing of settlements is always uncertain, which means that forecasting periodic earnings is problematic. With this in mind, the board has recently reviewed its dividend policy and will now pay semi-annual dividends based on its current cash requirements instead of paying dividends based on earnings. It has a dividend reinvestment plan in place, which may be underwritten if required.

Valuation: Conventional methods not appropriate

IMF has plans to build its case portfolio to c A$2bn, which implies aggregated net profit after tax of c A$200m (95% success rate, 15% NPBT and 30% tax rate). With net cash of c A$86m, the market is currently paying c 1.2x the estimated aggregated NPAT to be earned from the current case portfolio.

Consensus estimates

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	27.6	20.1	9.8	5.0	19.0	2.7
06/14	27.9	15.6	6.6	10.0	28.2	5.4
06/15e	60.2	24.9	18.9	10.3	9.8	5.5
06/16e	73.7	62.2	24.9	11.3	7.5	6.1

Source: Company data, Thomson Reuters

Price*	**A$1.86**
Market cap	**A$310m**

*As at 13 May 2015

Share price graph

Share details

Code	IMF
Listing	ASX
Shares in issue	166.58m

Business description

IMF Bentham (IMF) provides funding to businesses and individuals to allow them to pursue claims for loss and damage. If the case is unsuccessful IMF pays the cost of the case including, in some cases, the defendant's costs. If the case is successful IMF receives a share of the amount awarded/settled.

Bull

- Geographic diversification.
- Track record.
- Experienced professionals.

Bear

- Possibility of increased regulation in Australia following the release of the Productivity Commission's report.
- Poor case selection can lead to loss of investment and requirement to pay the defendant's costs.
- Increased competition from UK- and US-based litigation funders seeking further global expansion.

Analysts

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EDISON

Martin Aircraft Company

Industrials

"Come fly the dream!"

Price* **A$0.87**

Market cap **A$213m**

*As at 13 May 2015

Martin Aircraft Company (MJP) has developed the first practical commercial jetpack, designed to be used as a manned and unmanned vehicle. Uses include search and rescue, military, recreational and commercial. The jetpack flies for up to 30 minutes at altitudes of up to 1,000 metres, at speeds of up to 74km/h carrying payloads of 120kgs. It can land and take off vertically, which allows it to operate in confined spaces. The company expects the first commercial product, a first responder jetpack, to support rescue and emergency services, to be available in H216.

The aircraft

The Martin Jetpack is designed to be a commercially useful aircraft because estimated pricing (NZ$200,000) makes it comparable with low-cost aircraft and helicopters. It is lightweight, can operate as manned or unmanned, runs on regular fuel, is easy to fly and its fly-by-wire, inbuilt computer flight control system makes it safe to operate. The Martin Jetpack is a disruptive technology which, in its first planned commercial use, has the capacity to revolutionise emergency response capabilities. The V4 two-stroke engine has been developed in house and has a high power to weight ratio, high reliability and a flat torque curve.

Development and marketing

Since 2010 the Martin Jetpack has flown 91.95 hours unmanned and 136.10 hours manned. Development of the first responder product is in progress, with the first commercially available product targeted for H216. The first responder market has been chosen as the first to be exploited because of initial interest from police, homeland security, fire and other emergency services. MJP believes that dealing with government authorities will be beneficial in terms of getting operational approvals and reducing the cost of insurance.

Cornerstone investor solves future funding

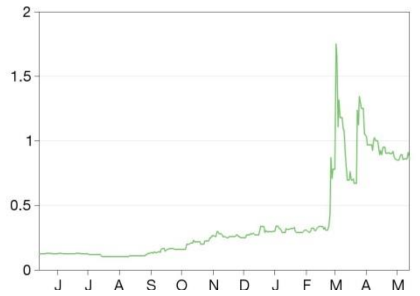
The IPO attracted KuangChi Science (KCS, HK: 439) as a cornerstone investor with an injection of A$21m at A$0.40 per share for a 23% share. KCS has agreed to subscribe (no later than 14 August 2016) for convertible notes with a face value of A$23m and enter into a joint venture with MJP for research and development, as well as undertaking sales and distribution in Hong Kong and China.

Valuation: Early stage

There are no forecasts and no previous earnings. MJP has an innovative unique product in a large market and an experienced CEO to navigate the development and commercialisation phase. The early-stage nature of the business means it is premature to determine a valuation.

No historic data and no consensus forecasts available

Share price graph



Share details

Code	MJP
Listing	ASX
Shares in issue	245.1m

Business description

Martin Aircraft Company (MJP) listed on ASX in February 2015 with an initial capital raise of A$27m (issue price A$0.40). 66.5m shares are escrowed for 24 months, with 8.2m shares escrowed for 12 months. A further 51.4m shares are in voluntary escrow for 12 months.

Bull

- Unique innovative technology.
- Influential cornerstone investor means future funding needs to have been secured.
- Attracted senior aircraft operator as CEO.

Bear

- The product is still pre-commercialisation.
- A competitor could emerge.
- Needs to obtain permits to fly in countries other than New Zealand.

Analysts

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EDISON

Mincor Resources

Metals & mining

Strong exploration results at growth projects

Mincor Resources (MCR) operates nickel mines in the prospective Kambalda region of Western Australia. The company has a track record of successful exploration and expertise in mine operation and development. This continues to extend the life of the operations. Because of the generally small size of its mines and resource choices, MCR has flexibility to optimise its production and cost levels according to the nickel market environment.

Nickel operations in prospective Kambalda region

MCR is predominantly a nickel mining company. Its operations are located in the Kambalda region. The company currently operates two underground mines, Miitel and Mariners, with an FY15 production target of approximately 8,500 tonnes of nickel in ore and a cost target of A$5.30/lb payable nickel. MCR does not own its own processing facilities. Instead, the ore is trucked to a central mill, owned by BHP, for processing to a concentrate with potential for upgrading to a nickel matte or refined nickel at BHP facilities. MCR sells the ore to BHP at a discount to the nickel price to reflect the need for further processing.

Production flexibility and growth

The nickel price at around US$6.25/lb is depressed. MCR has flexibility to increase production and provide growth to earnings when nickel prices are higher. This can be achieved by reopening mines it has temporarily closed or by developing new operations. To be able to do this, MCR has an extensive exploration programme.

Recent exploration highlights

At its Cassini prospect, located on a granted mining lease 9km from Mariners, a drilling programme has achieved strong nickel sulphide intersections over a 430m plunge length on five drilled sections. At Voyce, a very high-grade and thick nickel intersection has been achieved with potential for open cut mining. At Burnett, a potential high-grade channel structure could be accessed from the North Miitel mine infrastructure. At Durkin North, most intersections show the Kambalda ore profile of massive, matrix and disseminated mineralisation.

Financials

At 31 March 2015, MCR had cash of A$43.89m and no debt. In recognition of its strong financial position, the company paid an interim dividend of A$0.02/share (A$3.8m).

Consensus estimates

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
6/13	96.6	(26.7)	(11.9)	4.0	N/A	6.3
6/14	108.0	3.2	1.0	4.0	63.0	6.3
6/15e	96.6	(5.0)	(1.2)	4.0	N/A	6.3
6/16e	112.8	N/A	6.9	3.1	9.1	4.9

Source: Company reports, Thomson Reuters

Price*	**A$0.63**
Market cap	**A$119m**

*As at 13 May 2015

Share price graph

Share details

Code	MCR
Listing	ASX
Shares in issue	188.2m

Business description

Mincor Resources acquired its Kambalda nickel mining assets in 2001 when WMC divested its nickel mines in the region. The Kambalda region is very prospective. Mincor has built a strong, cash-generative nickel mining business through exploration and efficiencies.

Bull

- The Kambalda region is a nickel province of global significance. Continuing strong exploration potential supports a long mine life.
- Sulphide mineralisation of generally high grade and low impurities.
- Mincor's mines operate as satellite mines to BHP's nickel concentrator at Kambalda. This provides production flexibility to respond to nickel prices.

Bear

- Production relatively small scale. New mine developments may be required for some nickel discoveries.
- No single predominant resource. Continued exploration required to maintain resource base and mine life.
- Dominant single customer. Exporting a possible alternative.

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EDISON

Neometals

Metals & mining

Emerging lithium producer

Neometals (NMT) offers exposure to growing lithium demand and potential price growth through its 70% interest in the Mt Marion Lithium Project. While the patented process to produce high-purity lithium hydroxide (beneficially owned by NMT and Mineral Resources) would add value to the resource, the sale of lithium concentrates through a possible offtake agreement would provide a faster pathway to market to take advantage of lithium tightness. The Barrambie hard rock titanium project is a longer-term proposition, with potential for a joint venture to fund and develop it.

Mt Marion lithium – concentrate or hydroxide options

NMT has a 70% interest in the Mt Marion Lithium Project, located near Kalgoorlie, WA. Industry commentators estimate lithium demand may grow at 8-12% CAGR to 2020 due to advances in lithium battery technology and new applications. The project has a JORC-compliant resource of 14.8Mt at 1.3% Li_2O. NMT and partner Mineral Resources own a patented process to produce high-purity lithium hydroxide (LiOH) directly from spodumene (lithium) concentrates. A lithium concentrate operation before a decision for a downstream lithium hydroxide operation may be considered. There has been engagement with potential counterparties for the sale of a minority interest with an offtake agreement for spodumene.

Barrambie – high-grade hard rock titanium project

Barrambie, located in WA, is one of the world's highest-grade hard rock titanium deposits. It has a JORC 2012 resource of 47.2Mt at 22.2% TiO_2, 0.63% V_2O_5 and 46.7% Fe_2O_3. Recent work has been directed to assess the development of an open pit and processing operation using licensed proprietary technology to produce high-purity titanium, vanadium and iron compounds. NMT's preferred strategy is to attract a joint venture partner to help fund and develop the project.

Potential divestment of non-core nickel assets

NMT also has early-stage nickel exploration projects at Forrestania, Lake Johnston and Mt Finnerty. As part of the company's non-core asset divestment programme, the nickel portfolio may be divested through a farm-out or trade sale.

Financials

At 31 March 2015, NMT had net cash of A$7m, comprising cash of A$9m and drawn-down borrowings on a standby facility of A$2m.

Historical financials

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (c)	Yield (%)
06/13	32.6	(72.3)	(14.4)	0.0	N/A	N/A
06/14	7.8	(14.6)	(2.8)	0.0	N/A	N/A

Source: Company reports

Price*	A$0.10
Market cap	A$50m

*As at 13 May 2015

Share price graph

Share details

Code	NMT
Listing	ASX
Shares in issue	502.2m

Business description

Neometals is a diversified company with lithium, titanium and nickel projects. The lithium project is likely to be developed first because of expected strong market demand, with a joint venture partner sought for the titanium project. Divestment of the early-stage nickel projects is under consideration.

Bull

- Potential for near-term offtake agreement for spodumene (lithium) concentrate from the Mt Marion project.
- Exposure to the lithium market during a period of strong growth in demand for lithium batteries. Lithium offers compactness and low weight for a given energy intensity.
- Substantial high-grade hard rock titanium resource at Barrambie.

Bear

- None of Neometals' assets are currently in production. Potential mines and upstream processing facilities still need to be funded.
- Equity in projects will fall if joint venture partners are brought in.
- Some technical risk and possible high capital costs with construction of downstream processing operations.

Analyst

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Otto Energy

Oil & gas

Drilling catalysts in the near term

After completing the sale of its Galoc oil field in the Philippines, Otto Energy's (OEL) investment case has shifted from a production-driven story to a pure exploration play. Otto is now fully funded to drill the Hawkeye-1 exploration well, has retained operator control and significantly reduced its financial exposure to the well.

Changing focus to exploration

Following the Galoc sale, Otto Energy has morphed from a producing E&P to a pure-play explorer with early-stage exploration assets in onshore Tanzania and offshore the Philippines. With the sale of Galoc for US$108m and subsequent capital return of c US$58m, Otto has at least US$48m (February 2015) to spend on progression of the early geological and geophysical (G&G) work in Tanzania and the Philippines. This is an unusually advantageous position for a small-cap E&P and on 2 March Otto announced a farm-out deal with Red Emperor Resources, an ASX- and AIM-listed E&P, for a 15% non-operated WI in the offshore Philippine SC55 block. This comes on the heels of the proposed 15% farm-out to PNOC announced in January. While the deal does not include a cost carry, it still reduces Otto's financial exposure to the Hawkeye-1 well. The well is now fully funded, as BHP Billiton's US$24.5m contribution and funding from its two JV partners entirely cover Otto's net 63.18% share of well costs. Importantly, Otto has now contracted the high-spec Maersk Venturer deepwater rig to drill the well, and is on track to spud in mid-July 2015.

Frontier acreage onshore Tanzania

The Kilosa-Kilombero and Pangani licences (50% WI), operated by junior Swala Energy, are located south of proven basins in Uganda and Kenya in the East African rift basin. With a further two wells committed in Tanzania, which are funded at the current working interest, there are strong short-term catalysts to drive the Otto share price, plus capacity for further farm-downs to protect the cash position but maintain a very meaningful stake in high-impact exploration wells.

Valuation: RENAV of A$0.21/share with further upside

The stock is trading above our core NAV valuation of A$0.11/share, which is based on Galoc sale proceeds minus G&A. Of this, the capital return represents A$0.064/share. Our A$0.21/share RENAV includes Hawkeye (assuming a full cost carry) plus two committed wells in Tanzania, which can be funded at Otto's current WI. There is further upside if Otto secures carries for its other prospects.

Edison estimates

Year end	Revenue (US$m)	PBT* (US$m)	Operating cash flow (US$m)	EPS* (c)	Net cash (US$m)	Net capex (US$m)
06/13	60.2	23.7	29.1	1.13	17.7	(38.3)
06/14	73.7	24.8	42.2	2.16	7.7	(49.6)
06/15e	0.0	(12.0)	27.7	(1.04)	37.9	(14.6)
06/16e	0.0	(9.8)	(7.3)	(0.83)	17.2	(13.4)

Source: Edison Investment Research

Price A$0.13
Market cap A$151m

*As at 19 May 2015

Share price graph

Share details

Code	OEL
Listing	ASX
Shares in issue	1,164m

Business description

Otto Energy is an Australia-listed E&P with exploration licences in the Philippines and Tanzania. It has fully divested its producing Galoc field in the Philippines. It is looking to farm out its blocks to reduce risk and fund drilling. The Hawkeye-1 well should be drilled in Q315.

Bull

- Oil price exposure limited.
- Drilling catalysts imminent.
- Diverse asset base.

Bear

- Reliance on partners.
- Exposure to cost overrun.
- Drilling risk.

Analyst

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Otto Energy is a research client of Edison Investment Research Limited.

Skilled Group

Industrials

Business transformation

Skilled Group (SKE) is undergoing a transformation process from a low-margin labour hire firm to building scale in higher-skill, higher-margin segments of the labour hire business. It is leveraging scale and the strength of the Skilled brand to deliver cost-effective customer service with an emphasis on safety.

Business segments

The traditional SKE business is Workforce Services, which accounted for c 50% of FY14 revenue. In FY14, Technical Professionals, which deals with the provision of IT&T, executive, technical and medically trained casual, contract and permanent staff recruitment, represented 20% of total revenue. The remaining 30% of revenue came from contract maintenance and engineering services, offshore marine staffing, vessel chartering and management services offered by the Engineering and Marine Services division. This business includes ATIVO and Thomas & Coffey.

Business transformation

In 2012 SKE initiated its Core Plus business transformation strategy directed at restoring shareholder value. Since then SKE has acquired Broadsword (July 2013) and Thomas Coffey (February 2014), which have provided diversification and access to higher-skilled and therefore higher-margin businesses. The group's ERP system has been upgraded and in FY15 the cost-out programme is set to deliver annual cost savings of A$15m.

H115 performance

In H115 there were some positive signs, particularly from the Engineering and Marine Services business where the EBITDA margin was 8.4%. This, however, was offset by a reduction in EBITDA margins in the Workforce Services division to 3%. H115 EPS was flat compared with the previous corresponding period.

Valuation: Undemanding

The current share price suggests that the market does not believe the earnings or yield are sustainable. The exposure to mining and oil & gas suggests that SKE may struggle to grow the top line, leaving it with few options for earnings growth once the cost-cutting programme is complete.

Consensus estimates

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	1,868.2	77.2	23.3	16.0	5.6	12.3
06/14	1,869.6	60.6	18.5	17.0	7.0	13.1
06/15e	2,117.8	68.3	21.7	15.1	6.0	11.6
06/16e	1,825.4	56.5	18.0	12.3	7.2	9.5

Source: Company data, Thomson Reuters

Price*	A$1.30
Market cap	A$307m

*As at 13 May 2015

Share price graph

Share details

Code	SKE
Listing	ASX
Shares in issue	235.9m

Business description

Skilled Group (SKE) is the largest provider of workplace solutions in Australia arranging employment for >50,000 skilled Australian workers each year. There are onshore and offshore operations where SKE provides flexible labour solutions and project-based workforce solutions.

Bull

- Business transformation programme has reduced the cost base by A$15m.
- Strong brand name.
- Strong cash flow.

Bear

- Cyclical business dependent on strength of the labour market.
- Gearing of 31.4% remains relatively high for a services company.
- High exposure to the highly cyclical mining and oil & gas sectors.

Analysts

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EDISON

TNG

Metals & mining

Key vanadium end users getting involved

TNG plans to complete the feasibility study for its Mount Peake vanadium project by mid-2015. End-users are taking notice. Both Woojin Industrial of Korea and a leading vanadium redox flow battery maker are proposing offtake agreements and the addition of further conversion plants at site to expand the range of products and increase premium pricing.

Price*	A$0.18
Market cap*	A$115m

*As at 13 May 2015

Share price graph

Share details

Code	TNG
Listing	ASX
Shares in issue	641.0m

Business description

TNG is developing the Mount Peake iron-vanadium-titanium project in the Northern Territory (NT). The company is working with potential offtakers and providers of proprietary technology to optimise sales and prices from this substantial resource. Its non-core base metal assets are the subject of a spin-off proposal.

Bull

- World-scale vanadium resource, approximate 20-year life, still highly prospective.
- Offtake agreements to secure a large proportion of sales. Technology arrangements with end-users to produce premium products with premium pricing.
- Solid growth in demand for vanadium, titanium and high-purity iron oxide.

Bear

- Ferro-vanadium prices have weakened in the last 12 months.
- TIVAN process still needs final engineering and testing to provide validation of its technical feasibility for commercial, full-scale operations.
- The capital cost of the Mount Peake project still needs to be funded. Initial capital cost in the 2012 PFS was A$563m.

Analyst

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Feasibility study to be complete by mid-2015

TNG owns 100% of the Mount Peake iron-vanadium-titanium project, located 235km north-west of Alice Springs, NT and close to existing power and transport infrastructure. The project has a JORC measured, indicated and inferred resource of 160Mt at 0.28% V_2O_5, 5.3% T_iO_2 and 23% Fe. A feasibility study is expected to be complete around mid-2015. A 2012 pre-feasibility study (PFS) envisaged output of 11,000t vanadium pentoxide (V_2O_5) flake product by year five from mining 5Mtpa ore from the flat-lying orebody, which has a waste to ore ratio of <1.0.

Technology to add value, offtake agreements

With its consultants, TNG has developed the TIVAN process, a hydrometallurgical process to produce high-purity V_2O_5 flake and higher-value T_iO_2 products at high recoveries. TNG has also signed two binding term sheets with the Korean ferro-vanadium (FeV) group Woojin Industrial for a vanadium offtake agreement for at least 60% of V_20_5 produced; and the transfer of Woojin's proprietary ferro-vanadium technology to TNG and the formation of a conversion joint venture to establish a Woojin conversion plant at the Mount Peake site to convert V_2O_5 to high-value FeV. The size of the FeV market is 4x the high-purity V_2O_5 market. In addition, TNG has signed a non-binding MoU with a leading manufacturer of vanadium redox flow batteries (VRBs), which could involve offtake and VRB unit installation onsite. VRBs have a large power storage capacity, suitable for highly variable generation. The MoU also considers strategic co-operation for vanadium product development.

Vanadium demand rising

Industry specialists forecast 4-7% pa growth in vanadium demand until 2021, with China the major driver. Premium price markets include speciality chemical, catalyst production/recycling, electrical storage cell production and high-specification alloys.

Financials

Following a A$2m placement on 24 April, TNG had cash of A$5.7m at the end of April 2015.

Historical financials

Year end	Revenue (A$m)	PBT (A$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	0.0	(4.6)	(1.10)	0.0	N/A	N/A
06/14	0.0	(3.7)	(0.71)	0.0	N/A	N/A

Source: Company reports

The a2 Milk Company

Consumer staples

Different cows/products = different digestion

The a2 Milk Company (A2M) commenced operations in 2000 and listed on NZX in 2004 and on ASX in 2015. A2M produces high-value dairy products from naturally occurring cow's milk, which contains only the A2 protein. During the digestion process the A2 protein is broken down differently from the A1 protein, which means that consumers who "don't get on with regular milk that also contains the A1 protein" can tolerate dairy products. A2M enjoys a first mover advantage and has an integrated intellectual property portfolio.

Flexible supply chain

Milk is sourced from segregated dairy herds that produce milk containing only the A2 protein. The milk produced is processed and stored separately at A2M or third-party facilities. The distribution of A2M products is undertaken by third-party contractors that ensure the quality of the delivered products. Customers include supermarket chains and retail outlets. Farmers are incentivised to maintain A2-only producing herds because A2M pays a premium over the farm gate milk price.

Market positions

In New Zealand and Australia (97% of FY14 revenue) A2M has established a reliable supply chain and is exhibiting strong sales growth at premium price points. A2 liquid milk is up to twice the price of regular milk and in H115 sales grew by 39% compared with the previous corresponding period. The December 2014 Australian Grocery Weighted Scan measured the market share of A2 fresh milk in Australia as 9.3%. Infant formula under the a2 Platinum brand has shown strong growth and is one of the key growth initiatives in this market. A2M entered the Chinese market in 2013 (2.4% of FY14 revenue) and sells its premium-priced infant formula (produced in New Zealand by Synlait). After a problematic start in the UK (0.6% of FY14 revenue), A2M has now established an end-to-end supply chain and distribution network. Its products are sold in major supermarkets and in FY15 it plans to spend £3.5m on growth initiatives. A2M entered the West Coast US market in April 2015 and expects to invest US$20m over three years.

Valuation: Market building depresses earnings

The cost of building market positions in China, as a forerunner to entering other Asian markets and the UK and US, is expected to depress near-term earnings. The EV/EBITDA multiple of 49x (annualising H115 EBITDA) indicates that the market is already pricing in significant growth.

Consensus estimates

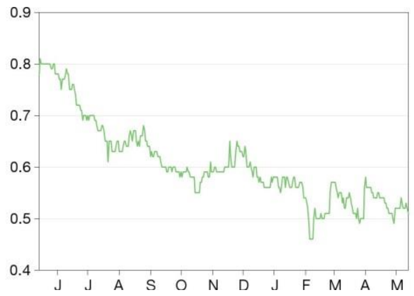
Year end	Revenue (NZ$m)	PBT (NZ$m)	EPS (c)	DPS (c)	P/E (x)	Yield (%)
06/13	94.3	5.2	0.7	0.0	72.9	N/A
06/14	110.6	0.7	0.0	0.0	N/A	N/A
06/15e	153.9	5.6	0.4	0.0	N/A	N/A
06/16e	196.7	12.6	1.4	0.0	36.4	N/A

Source: Company data, Thomson Reuters

Price* A$0.51
Market cap A$337m

*As at 13 May 2015

Share price graph



Share details

Code	A2M/ATM
Listing	ASX/NZX
Shares in issue	660.1m

Business description

The a2 Milk Company (A2M) produces, markets and sells branded dairy and infant formula products globally. The products contain only A2 beta-casein protein, whereas regular cow's milk contains both A1 protein and A2 protein. This makes the A2 dairy products more digestible.

Bull

- Differentiated product for global markets.
- Supported by IP including nine patent families and trade mark registrations/applications in 57 territories (January 2015).
- Market expansion to be funded from cash and future profits.

Bear

- Product contamination.
- Raw material supply and cost.
- Time to reach profitability in new markets.

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