MP Markets

EARNINGS SEASON AUGUST 2024

Weekly 15-minute Mini -Webinar Series

Week 4

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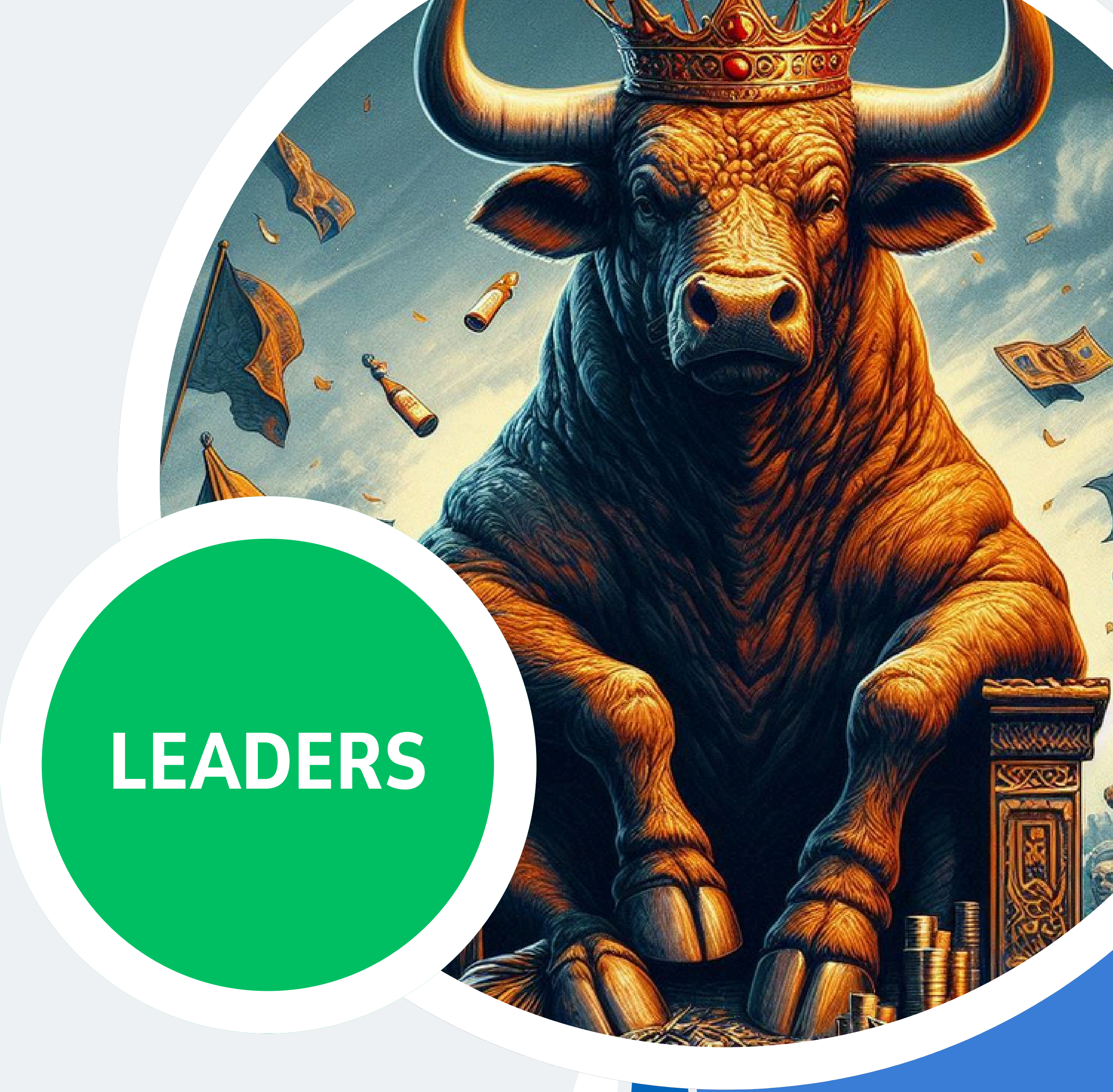
THIS WEEKS WINNERS

Audinate (AD8) - a leader in the professional AV industry with its Dante® media networking solution, delivered strong financial results for the year ending 30 June 2024. The stock price fell sharply from $16 to $7.50 after the company issued pre-earnings guidance a couple of weeks that highlighted challenges expected in FY25. The negative sentiment surrounding the outlook overshadowed the robust performance in FY24. Despite the negative outlook, Audinate still managed to achieve a record year of profit and the market has reacted positively today to the earnings update.

WiseTech - reported a robust financial performance for FY24, highlighted by a 28% increase in total revenue to $1.04 billion and a 33% rise in CargoWise revenue. The company also achieved an EBITDA margin of 48%, slightly above expectations, with a fourth-quarter run rate of 50%. The underlying NPAT rose by 15% to $283.5 million, and free cash flow improved by 14% to $333 million.
Strategically, WiseTech made significant progress in expanding its market penetration, particularly with large global freight forwarders (LGFFs), securing rollouts with major players like Nippon Express and Sinotrans. The company also launched three breakthrough products—CargoWise Next, Container Transport Optimization, and ComplianceWise—positioned to drive future growth and solidify its leadership in logistics software.

Judo Bank - a significant increase in net profit, which surged eightfold to $353 million as revenue doubled. Despite these impressive figures, the market reacted negatively, with concerns about tightening margins and broader economic conditions leading to a decline in share price. Analysts noted that while the earnings exceeded expectations.



THIS WEEKS LOSERS

A2 Milk (A2M) - This Although A2 Milk delivered solid top and bottom line growth, it still appears to have fallen a touch short of expectations. In addition, its guidance for mid-single digit growth may have disappointed investors. Especially given that its shares were trading at a significant premium. The market had been forecasting 9% revenue growth in FY 2025.

Megaport- The Network as a Service (NAAS) business saw a sharp decline of 20% on day of earnings as forward guidance disappointed investors. The results themselves were broadly positive and the financials reflected the most stability in the business, ever. The outlook was also optimistic, but clearly not enough to stop the flood of sell orders on the open. We largely expect that Megaport will be a beneficiary the long term tailwinds of AI and redundancies in competitors

Goodman Group - while Goodmans results were close to expectations, the darling of the REITs sector drifted lower over the following days as the premium priced into the company valuation was too risky.

Corporate Travel - results were generally in line with market expectations but fell short in specific areas. Analysts had anticipated stronger contributions from the European region, particularly from the UK Bridging accommodation contract, which underperformed due to changes in government policy.

THE WEEK AHEAD

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EARNINGS

Mon-26th	Tue-27th	Wed-28th	Thu-29th	Fri-30th
BHP	worley	FMG	Wesfarmers	Ramsay Health Care — People caring for people
Bendigo Bank	Woodside Energy	Woolworths	QANTAS	DICKER DATA
Pilbara Minerals — Powering a sustainable energy future	Lovisa	apa	MINERAL RESOURCES	
stanmore	coles	Nine entertainment co.	Sandfire	
THE STAR	zip	FLIGHT CENTRE	igo	
EVT	KELSIAN — CONNECTING PEOPLE & PLACES		SOUTH32	
nib	NICKEL INDUSTRIES		NEXTDC	
	JOHNS LYNG GROUP		NVIDIA	

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ECONOMIC

Mon-26th	Tue-27th	Wed-28th	Thu-29th	Fri-30th
	RBA Minutes	FOMC Minutes	Manufacturing PMI; Manufacturing & Services PMI	Jackson Hole Begins

ALL

PREVIEW

BHP While Earnings per share is expected to improve by 3% in FY24 and a further 3% in FY25, BHP is currently trading at its lowest levels since 2022 and will be hard pressed to disappoint the market with expectations already so low.

BHPs long term plans for Copper and Potash, diversifying the product split away from Iron ore has been years in the making and will take advantage of long term trends. The current bearishness on China from investors is short sighted and current prices are an opportunity

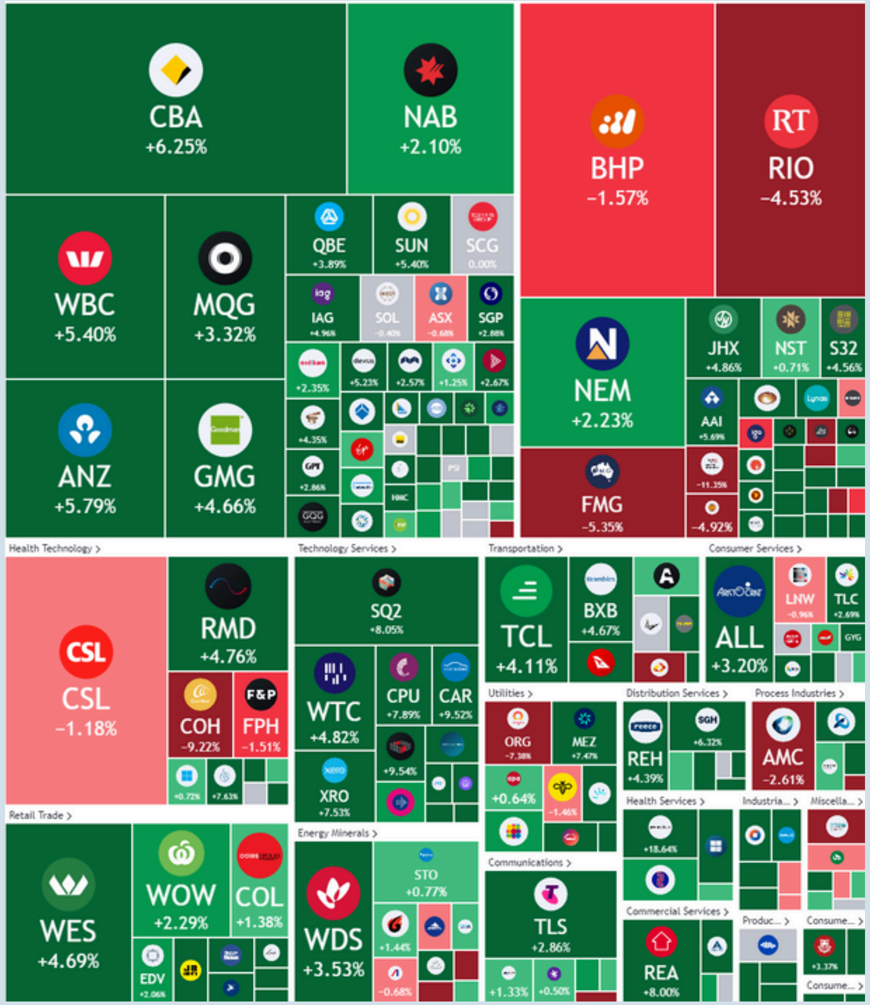
Wesfarmers is expected to report strong earnings growth of around 8% for FY24, driven by solid performance across its retail divisions like Bunnings, Kmart and Officeworks. The company's recent acquisition of Australian Pharmaceutical Industries (API) has also added to its revenue stream.

Analysts are forecasting Wesfarmers to generate earnings per share (EPS) of around 300 cents for the full year, up from 277 cents in FY23. The conglomerate's diverse business model spanning retail, chemicals and industrial divisions has helped it navigate the challenging economic environment. Investors will be keen to hear management's outlook for FY25 and any updates on Wesfarmers' capital management strategy, including its dividend policy

FMG amidst a challenging backdrop for the iron ore market. The company has faced significant pressure recently, with its share price plummeting nearly 20% over the past month, largely due to a sharp decline in iron ore prices, which have dropped below US$100 per tonne—the lowest in 20 months.

Analysts from UBS anticipate that Fortescue will report a revenue of approximately US$18.5 billion, with an EBIT of US$8.6 billion, leading to a net profit after tax of about US$5.88 billion. This translates to an earnings per share (EPS) of around US$1.91, although expectations for the final dividend are tempered, with a projected annual payout of A$1.41 per share, reflecting the current market volatility and reduced demand for steel, particularly in China

ASX200 Net Chg for the Week



VEIWER'S PICK

Lovisa (LOV)

While the February reporting season indicated improvements in company fortunes, such as stronger gross margins, sales resilience, and positive consumer sentiment, the economic landscape has since become more challenging.

Rising risks are attributed to the persistent cost of living pressures, delayed rate cuts, ongoing inflation, and declining Australian retail sales statistics.

These factors are expected to create a divide among retailers, with those focusing on market share growth, expanding store networks, and maintaining tight cost control likely to emerge as winners.

While a recent CEO social media post indicated the store network comprises 900 stores—slightly below the broker's 914 estimate—revenue forecasts have been adjusted accordingly.

We remain optimistic about Lovisa's capacity to fund its ambitious global expansion plans, which could potentially yield stellar returns.

VERDICT:

HOLD & TRIM ON STRENGTH

LONG-TERM BUY, BUT MACRO HEADWINDS AHEAD

Lovisa (LOV)	Feb-22	Aug-22	Feb-23	Aug-23	Feb-24	Aug-24
EPS Surprise	56%	57.78%	3.80%	-32.14%	-9%	
Revenue Surprise	1.50%	13.36%	2.91%	-6.22%	-0.43%	
Net change on day	11.78%	0.86%	-0.08%	-0.66%	10.39%	
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EPS Growth		-36%	105%	-56%	153%	-33%
Revenue Growth		-2%	44%	-2%	25%	-10%
Change between earnings		1%	28%	-5%	10%	23%

Trade Plan

Holders: Positive sentiment in a sector with positive momentum. VERY positive technicals mean this one will have to really disappoint to sell-off.

HOLD and look to sell into strength above $41

New Money: Buy small before or wait for a dip (if it comes)

RISK ALERT

South32 (S32)

The company has struggled with recent performance, having not beaten its EPS estimates in the past year. The upcoming results are expected to reflect significant financial impacts, including approximately AU$1.22 billion in asset impairments, primarily due to operational challenges at its Worsley Alumina and Cerro Matoso projects.
Additionally, production guidance has been revised downward for several commodities, indicating ongoing pressures in the metals market. Investors will be closely monitoring these results for insights into the company's recovery strategies and operational adjustments in response to market conditions

The company faces mixed results across its various segments, with some areas underperforming.

VERDICT:

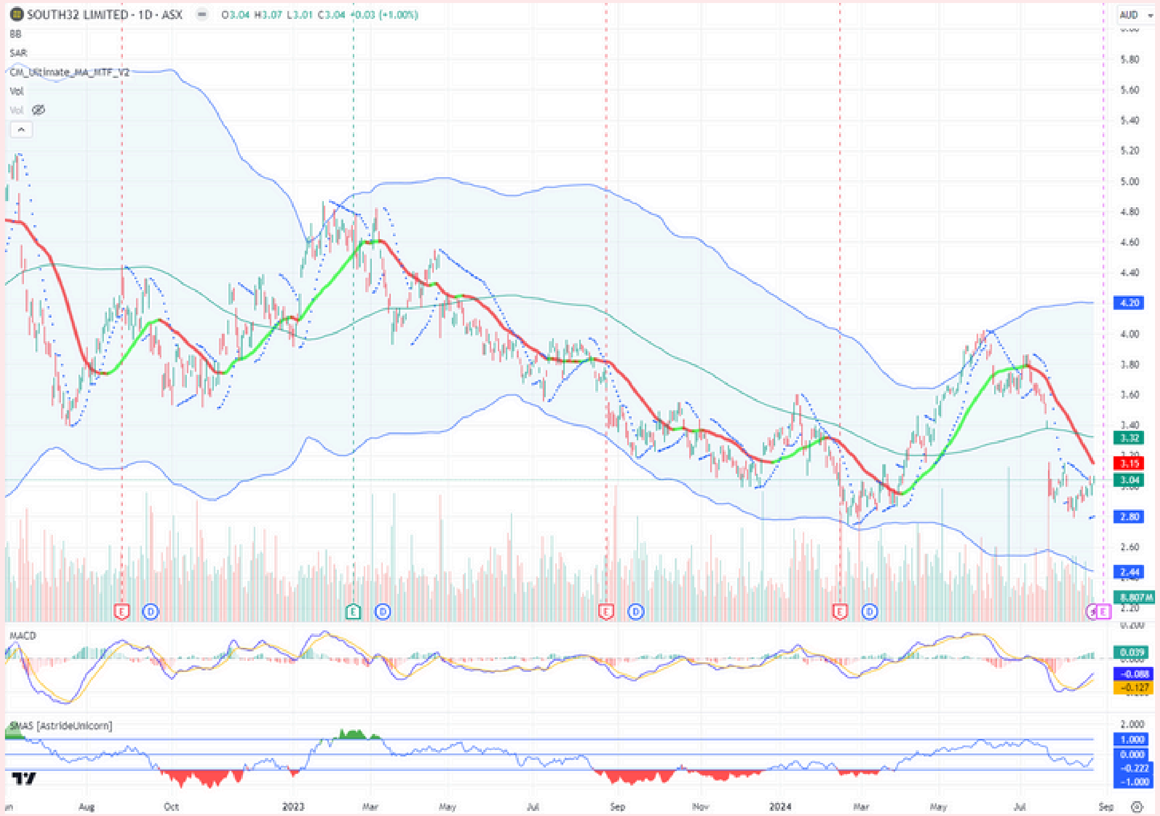
THERE IS BETTER VALUE AT CHEAPER PRICES IN THE SAME SECTOR CONSIDER SWITCHING TO FMG or BHP EARLY IN THE WEEK

South32	Feb-22	Aug-22	Feb-23	Aug-23	Feb-24	Aug-24
EPS Surprise	16.15%	-3.58%	11.77%	-3.57%	-35.67%	
Revenue Surprise	8.18%	8.93%	3.72%	-9.17%	13.79%	
Net change on day	1.35%	0.95%	0.43%	-2.40%	-4.55%	
						*exp
EPS Growth		63%	-55%	-45%	-92%	-100%
Revenue Growth		37%	-20%	-4%	-19%	16%
Change between earnings		-6%	9%	-19%	-15%	3%

Risk Management Plan

Holders: Materials are already under pressure as a sector and South32 picking up the pieces from a major storm that wiped out their major Manganese port, bad could get much worse

SELL AND SWITCH TO FMG or BHP



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