

BROKER FORECAST ANALYSIS

Manage your disclosure obligations by actively monitoring and assessing changes to broker forecasts.

Australian and NZ listed companies are encouraged to manage their continuous disclosure obligations by monitoring the market's expectations of their earnings.

Accurate intelligence is vital in determining when and what to disclose – monitoring brokers' published earnings forecasts is the accepted proxy for "the market"

FIRST Advisers' **Broker Forecast Analysis Report** has been developed over nearly a decade to be the CFO and CEO's reference manual for identifying the gaps in the market's understanding of its financials.

Companies that are followed by multiple analysts using detailed financial modelling need to have visibility on more than revenue, EBIT, EBITDA, NPAT and EPS numbers – metrics typically aggregated by third party data providers.

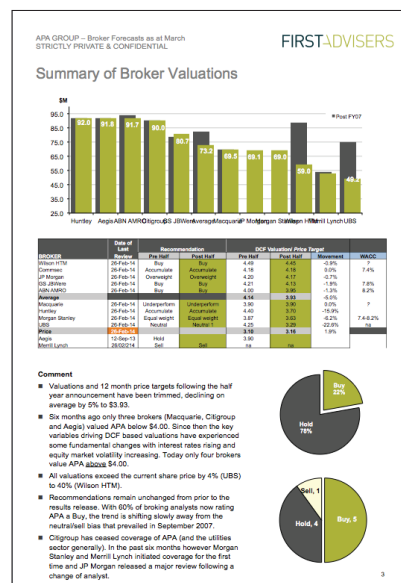
Our Broker Forecast Analysis Report

- Provides a detailed comparative financial analysis of each broker's model in order to identify the assumptions underpinning their forecasts.
- Strips down the market's assessment of how it sees future earnings being generated and what that implies for valuation.

In effect, our report analyses the analysts.

Why third party "Consensus" data isn't enough

- Third party providers of consensus data rarely capture all broker research on a company.
- Data providers do not adjust for different approaches to modelling financials or identifying errors.
- Management needs to know **why** analysts forecasts are different.
- The quality and information content of any average or "consensus" figure is determined by the size of the variance in forecasts – understanding what drives the variance is where the value lies.



BROKER FORECAST ANALYSIS

What a FIRST Advisers Report delivers

- Summary of Recommendations and Valuations
- Overview of key observations and conclusions made by each analyst
- Analysis of trends in NPAT or EBITDA forecasts over a 3 year period
- Comparative analysis of each analyst's P&L and cash flow model, including key metrics
- Executive Summary highlighting trends in broker coverage, commentary, valuation and financial forecasts.

Why FIRST Advisers?

The principals have extensive experience as analysts in broking, funds management and corporate finance. We understand how to read financial statements and pick apart an analyst's model. If necessary we talk directly with the analysts to ensure their views and assumptions are accurately represented.

How to find out more

Contact Ben Rebbek or Victoria Geddes on +61 2 8011 0350 or email us at info@firstadvisers.com.au

We'd be happy to provide you with samples of our reports, discuss your particular needs and to provide a proposal.

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The Analysts

Goldman Sachs JB Were

Strong 1H08 Result + Leverage to Gas Demand = EBIT **Strong 1H09 Result + Leverage to Gas Demand = EBIT**

We acknowledge APA faces some headwinds in the short term, namely: lower target levels with market sentiment remaining unfavourable towards gas-fired structures; and However we believe this is more than offset by: leverage to increasing volumes as we enter a carbon constrained environment and from resource driven demand. **Gas** **APX** **Assetisation risk** **Strong distribution growth outlook relative to peers.**

Forecast Period	FY08		FY09	
	15-Nov-07	26-Feb-08	15-Nov-07	26-Feb-08
Total Revenue	827.0	837.0	877.0	884.0
EBITDA	387.5	408.0	413.7	439.0
EBITDA Margin	46.8%	48.7%	47.2%	49.1%
Depth	86.0	94.0	92.0	98.0
EBIT	301.5	314.0	321.7	341.0
Goodwill Amortisation	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
EBIT Margin	36.5%	37.5%	36.7%	38.1%
Net Interest	214.0	223.0	207.0	216.0
Pre tax Profit	87.5	91.0	114.7	125.0
Taxation	26.0	26.0	34.0	37.0
Tax Rate	29.7%	28.6%	29.6%	29.6%
			0.0	0.0
			85.0	88.0
			0.0	0.0
			65.0	88.0
			85.0	223.0
			29.5	31.0
			14.4	18.1
			41.0	48.1
			388	445,856 - 463,158

Analysis of Profit Expectations

EBITDA FORECAST SUMMARY

Following the FY08 results announcement analysts revised forecasts for FY09 up by 4.3% on average. More significantly the range of expectations narrowed substantially, largely due to Macquarie and CommSec (two outliers at the low end of the forecast spectrum prior to 26 February), revising their forecasts in line with the market average.

	Pre FY07	Post FY07	Mkt
FY08			
ABN AMRO	438.7	438.8	0.0%
Citigroup	364.0	433.0	19.2%
Average	315.1	414.8	31.8%
GS JBWere	428.5	414.0	-3.4%
Alps	280.7	412.0	46.9%
UBS	341.9	410.0	19.9%
Wilson HTM	390.5	409.2	4.8%
Merrill Lynch		407.0	
Macquarie	353.5	355.1	11.8%
Commsec		378.4	

EBITDA assumed for FY09

\$6m in FY09. Kiywhymt now has one of the sheet whilst her FY09 forecast is the lowest (rich assumption is a fall in the average 3.63% in FY09. led for both years despite 1H08 result PAT understated therefore by \$3.5m

Broker EBITDA Forecast Spread

Brokers' EBITDA Forecasts

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Investor Relations
 Corporate Communications
 Transaction Communication Services
 Shareholder Solicitation
 Digital and Document Design
 Shareholder Analytics

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