iInvest Securities
Stockbroking & Wealth Management

Reporting Season WRAP - Who STOOD Out ?

With the February reporting season now behind us, let's take a look at a few companies that **stood out for the right reasons** – and why you might like to consider entering a holding in these companies now. I'll look at a few established companies as well as a couple of up and comers:

G8 Education (ASX: GEM) $3.89

We have a fair value estimate for G8 at $4.50 following a good fiscal 2016 result. We believe the shares are undervalued and expect the share price to increase as the market gains comfort with the stability of earnings. We expect long-term growth for child-care to be supported by population growth, higher workforce participation for women and government child-care funding growth. We expect these trends to underpin G8's EPS growth in addition to its acquisitive business model. G8 has also recently placed $212.8 million worth of shares at a premium to its current market price, with the funds to be sued to fund growth opportunities. The stock currently sits on an attractive yield of 6.19% fully franked, paying it's dividends quarterly. The stock is yet to go ex-dividend, so purchasing G8 now will entitle you to the upcoming dividend due in late March.

QBE Insurance (ASX: QBE) $12.73

QBE surprised with a strong 2016 profit of USD 898 million, 18% better than our forecast, and well ahead of consensus estimates. The 33 cents per share final dividend is up an impressive 10% on the 2015 final dividend. We are increasingly confident in our positive long-term view following several previously disappointing years for QBE. Following the 2016 results, it appears the recover for QBE is well underway. We were particularly impressed with the very strong second-half 2016 cash profit up by 113%. QBE is combining increased reinsurance utilisation, tighter underwriting standards, cost management initiatives, premium repricing, and good customer retention to deliver more consistent and higher-quality earnings and dividend growth. The stock currently offers investors a yield of 4.29% partially franked. Many analysts have recently raised their target price on the stock, suggesting the potential upside is a consensus view. The stock is set to go ex-dividend on 9 March, purchasing now will secure the dividend for investors.

LendLease (ASX: LLC) $14.95

LendLease's net profit for the half year rose by a better than expected 12%, underpinned by earnings growth in all of its major operations. The interim dividend of 33 cents per share is an increase in dividend of 10% on the previous corresponding period. The buoyant local construction sector and the potential fiscal stimulus in the US could provide a further boost to the company's earnings. LendLease remains well positioned with the company recently securing a large construction contract in London worth GPB 2 billion. LendLease's transformation from a diversified REIT to a development conglomerate is complete, with the firm targeting apartment and large urban regeneration projects across the globe. The current business focus puts LendLease in a strong position to generate higher earnings growth. LendLease has also seen numerous analyst upgrades of late, echoing our upbeat sentiment to the stock. The stock has already gone ex-dividend, so unfortunately investing now will see you wait until the August reporting season to receive a dividend in LendLease, however you will of course participate in any capital growth going forward, and you will be buying at a lower price now that the stock has gone ex.

Money3 Corp. (ASX: MNY) $1.73

Money3 Corporation is a licenced credit provider of short term loans and financial services, specialising in the delivery of small cash loans, personal loans, equipment and motor vehicle rental, cheque cashing and international money transfer. Money3 current has a 70 branch network throughout Australia. The company posted a solid first half result reporting NPAT of $13.7million, well ahead of market expectations. A new management team for Money3 has proven themselves by profitably driving the company's new strategic direction. All of Money3 business metric's look outstanding and we see this as an attractive play with the company's full year guidance upgraded to $27.5million. An interim dividend of 2.5 cents has been declared, representing a modest yield of 2.90%. This stock is primarily to be considered a potential capital growth opportunity for investors. Although only a small dividend, the stock will go ex on 14 March, purchasing now will entitle you to this dividend payment.

GetSwift Limited (ASX: GSW) $0.45

A stock that has recently listed on the ASX is GetSwift (listing in December 2016), a global technology company with office in Sydney, Melbourne and New York. GetSwift provides and easy and affordable way for businesses to optimize dispatch, routing, visibility and tracking of their deliveries to end customers. In February, the company announced they had surpassed 1 million deliveries, reaching this milestone at a fast pace. Management expects deliveries and revenue growth to rapidly increase throughout 2017. GetSwift posted their maiden first half results in the recent reporting season, showing the successful commencement and monetisation of its cutting edge software solution. Australian investors don't often get the opportunity to invest in an IT company, and we see a potential opportunity for investors to get in on the ground floor before this company takes off. This is a speculative opportunity for potential capital growth, with no dividend currently offered.

To access the company profile information for each of these stocks, please contact your adviser.

If you would like to discuss any of the stock opportunities listed in this report, or any others, please don't hesitate to call me on 07 5520 8788.

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