



HOT STOCKS

These share tips are considered opinions and readers should seek personal financial advice before investing

Buy CSL (CSL)

CSL provides ASX investors with unrivalled exposure to the oligopolistic pharmaceutical and bioplasma industries here and abroad. It has a proven track record from both a manufacturing and corporate perspective, highlighted recently by the US Government signing off on a contract entitling the company to provide it with the H1N1 swine-flu vaccine. The \$A220 million contract is expected to add a further \$A100 million to CSL's earnings before interest and tax. CSL also announced it would engage in a \$A1.59 billion on-market share buy-back, a decision aimed at returning capital to shareholders.

Buy Amadeus Energy (AMU)

With oil more than doubling off a March low to about \$US72 a barrel, many of AMU's peers have experienced a re-rating, though AMU has yet to



Ian Parker
Hartleys

experience a similar appreciation in share price. With the company announcing that it has refinanced its \$US6.4 million of debt facilities and will pay down a further \$US9 million in debt over the next 12 months, we expect a re-rating soon.

Buy GRD (GRD)

Friday saw GRD announce it had received a proposal from AMEC for the acquisition of all the shares in GRD for a cash offer of 55c a share. The proposal is conditional, but we believe that fundamentals justify GRD at present price levels, and consequently don't believe there is a takeover premium in the present share price.

Long-term Buy BlueScope Steel (BSL)

BSL recently completed a \$1.43 billion capital raising at \$1.55 that has reduced net debt to 15.5 per cent. With a book value of \$3.43 a share and a net asset value of about \$2, we view this stock as being at a cyclical low with a vastly improved balance sheet. While not without risks, Asian steel prices are at three-month highs and recovery in regional demand would slow destocking in 2009-10 as coking-coal price decreases to improve operating margins.

Long-term Buy Alumina (AWC)

AWC has 40 per cent of the AWAC joint venture with Alcoa. The joint venture is the world's dominant supplier of alumina, with a 17 per cent market share. AWC raised about \$1 billion to boost its balance sheet in April and now offers exposure to a broader global recovery via the aluminium



Alan Hill
State One

price which recently hit \$US74c/lb, surpassing its January high.

Speculative Buy Metgasco (MEL)

MEL is developing gas reserves in New South Wales' Clarence-Moreton basin. It has already established a large reserve base to support its plan of becoming a major supplier of gas to eastern energy markets. Though MEL is focusing on coal-seam gas, recent success in conventional gas exploration adds a string to its bow. Based on recent CSG corporate transactions, we believe MEL is undervalued, considering its large proven reserves and exploration potential. We recommended a speculative buy for the longer term.



back



Buy
Woodside (WPL)

WPL remains the premier ASX-listed proxy for oil price upside. Oil has lifted from about \$US37 a barrel in February to about \$US72. In July last year, the price stood at \$US140 a barrel. This rally may cool in the near term, but in the long term economic recoveries and diminishing supply will support the oil price. WPL's production profile is forecast to grow strongly, supporting the current 2010 financial year price-earnings multiple of about 16.5. Buy on weakness.

Speculative buy
Azumah Resources (AZM)

Gold explorer Azumah has identified aggregate indicated and inferred resources of 754,300 ounces at its Wa-Lawra Project in northwest Ghana, West Africa. Anticipated shareholder approval of tranche 2 (\$4.5



Rob Pass
Blackswan Equities

million) of a recent \$5.25 million Blackswan-managed placement at 9c a share will provide funds to enable aggressive follow-up drilling and sampling programs to upgrade existing resources and test prospective regional targets.

Buy
CSL (CSL)

The proposed takeover of Talecris has been aborted, with CSL paying \$US75 million in break costs and announcing a share buy-back. The company has received substantial orders for its yet-to-be-finalised swine-flu vaccine from the Australian and US governments. CSL has a strong growth profile, and a 2010 financial year price-earnings multiple of about 15.

Each of the companies and analysts depicted may have long or short positions on these stocks