



Merchant Securities

# First View

## Key idea

### AVEVA Group (AVV.L)

Technology

#### In-line statement with momentum building for FY13

- AVEVA has released a fairly standard, in-line, short trading statement today.
- The statement addresses both the key concern (China) and key opportunity for the business (AVEVANET). For the former, there has been a recovery in H2, following the £3m ILF shortfall due to a merger of the Marine and Plant businesses in H1, and FY13 now looks strong.
- For the latter, AVEVA points to substantial growth in revenue backlog for Enterprise Solutions (mainly AVEVANET but also the MARS shipyard efficiency tool) benefiting FY13. We suspect this means the group is slightly light of our c£25m estimate for FY13 (by a few million) after 50% growth to £10.5m. However, this is a timing issue with no change to the underlying investment case.
- Otherwise, the usual drivers (Oil & Gas, Latin America) remain intact.
- The statement contains no numbers and is fairly bland, as usual; we suspect that FY numbers in May will be very slightly ahead of our estimates.
- The stock remains a core sector pick and we see a growing case for FY13 earnings upgrades and a likely strong H1/13 performance on an easy comparative.

Y/E	Revenue (£m)	EBIT (£m)	PBT Adj (£m)	Tax (%)	EPS FD Adj (p)	PER (x)	DPS (p)	Yield (%)	Net Cash/ (Debt) (£m)	EV/ NOPAT (x)
2011A	174.0	54.2	54.7	28.0	57.8	28.5	18.3	1.1	153.3	24.8
2012E	190.9	59.1	59.9	28.0	63.2	26.0	21.7	1.3	183.3	22.1
2013E	206.1	64.7	65.6	28.0	69.2	23.8	25.8	1.6	214.0	19.5
2014E	222.6	71.0	72.0	28.0	76.0	21.6	30.8	1.9	243.4	17.2

Source: Company (actual), Merchant Securities (forecasts)

## Stock news

### Bushveld Minerals (BMN.L)

Mining

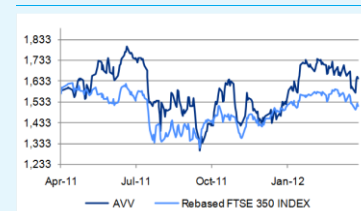
#### Work programme over the next 12 months - focus on the flagship Bushveld Iron Ore Project

- Company has announced details on its 12 month work programme.
- It comprises four key components: resource upgrade, metallurgical testwork, infrastructure scoping studies and securing strategic partnerships for the future thermal and coking coal supply.
- Company's main focus is on increasing the 633 million tonne resource and upgrading to measured and indicated.
- Drilling will be mobilised week commencing 23 April 2012 and will run for 12 weeks.
- The iron ore asset comes with a truly historic postcode.

## BUY

Price	1,644p
Target price	1,800p
Market cap	£1,122m

#### Performance chart



Source: Bloomberg

#### Description

CAD &amp; PLM supplier

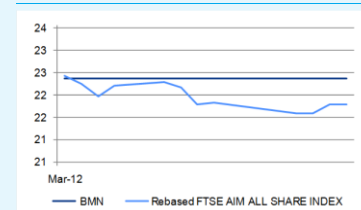
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## N/A

Price	22.5p
Target price	n/a
Market cap	£63.9m

#### Performance chart



Source: Bloomberg

#### Description

Mineral development company focused on iron and tin projects located in the Bushveld Complex in South Africa.

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## Goldstone Resources (GRL.L)

Mining

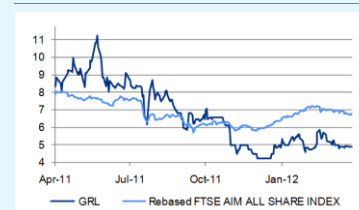
### Drill results from Homase/Akrokerrri Project – more news to come in the short term

- Results from three new drill holes.
- Highlights include 6.4 metres at 3.8g/t and 4.2 metres at 3.0g/t.
- Known depth of mineralisation extended to more than 150 metres. Previous drilling in this area had been shallow only.
- Each drill hole intersected mineralisation between 150 metres and 175 metres below surface and significantly, over three intervals, up to 250 metres north of the previously reported high grade shoot under the northern part of the Homase pit.
- Holes also hit grades above the 1.42g/t average of the company's 405,600 ounce JORC compliant resource.
- Company is continuing to test for continuation of mineralisation and the potential for additional high grade ore shoots down dip of the existing gold resource along its 4km strike length.
- Assay results are pending for six drill holes targeted at mineralisation along the north-west trending structures in the Akrokerrri granite and high grade quartz vein, and four drill holes targeted at depth extensions of the Homase/Akrokerrri resource.
- More news to come in the short term.

N/A

Price	5.05p
Target price	n/a
Market cap	£16.08m

#### Performance chart



Source: Bloomberg

#### Description

West African gold exploration company with projects in Ghana, Senegal and Gabon

#### Analyst

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### The Week Ahead

Week commencing	Company	Date	Event
16/04/2012	Burberry	17/04/2012	Trading statement
16/04/2012	Walker Greenbank	17/04/2012	Prelims
16/04/2012	Marks and Spencer	17/04/2012	Trading statement
16/04/2012	Netdimensions	17/04/2012	Prelims
16/04/2012	Tesco	18/04/2012	Prelims
16/04/2012	Promethean World	18/04/2012	AGM
16/04/2012	WH Smith	19/04/2012	Interims
16/04/2012	Stadium Group	19/04/2012	AGM
16/04/2012	Debenhams	19/04/2012	Interims
16/04/2012	Shaft Sinkers Holdings	20/04/2012	Prelims
16/04/2012	Mediwatch	20/04/2012	AGM

### Merchant Securities Hosted Roadshow

Week commencing	Company	Date	Events	Location	Contact
23/04/2012	Altitude Group*	24/04/2012	Prelims	London	Catherine Miles +44 (0)20 7382 0932

\*Merchant Securities acts as Nominated adviser and Broker

16 April 2012

## Macro Indicators

### Financials table

Equity Indices	Last	%Daily	%YTD	Commodities	Last	%Daily	%YTD
FTSE 100	5,651.8	(1.0)%	1.4%	Oil Brent (ICE; \$/b)	119.85	(1.1)%	11.6%
FTSE Small Cap	3,112.5	0.1%	13.2%	Oil WTI (NYMEX; \$/b)	102.19	(0.6)%	3.4%
FTSE AIM All Share	780.7	0.0%	12.6%	UK Gas (Spot NBP; p/therm)	61.15	0.4%	n/a
FTSE All Share Oil & Gas	8,178.0	(0.7)%	(6.0)%	US Gas (Spot HH; \$/mmbtu)	1.86	(1.1)%	n/a
FTSE AIM Oil & Gas	4,289.8	0.3%	25.5%	Copper (LME; \$/tonne)	8,044.75	(2.6)%	5.8%
S&P USA Oil & Gas E&P	8,033.7	(2.3)%	1.2%	Aluminium (LME; \$/tonne)	1,966.50	(1.3)%	(0.3)%
FTSE All Share Mining	19,272.4	(0.9)%	2.2%	Nickel (LME; \$/tonne)	18,247.00	(2.1)%	(2.5)%
FTSE All Share SITS	895.9	(1.0)%	10.8%	Platinum (LME; \$/oz)	1,571.75	(0.8)%	12.2%
NASDAQ	3,011.3	(1.4)%	15.6%	Palladium (NYMEX; \$/oz)	643.55	(0.6)%	(2.1)%
FTSE All Share Gen. Retail	1,692.0	(1.5)%	16.7%	Gold (Spot; \$/oz)	1,647.93	(0.6)%	5.4%
S&P 500	1,370.3	(1.2)%	9.0%	Silver (Spot; \$/oz)	31.32	(0.6)%	12.5%
S&P 500 CME Futures	1,364.2	n/a	n/a				
Dow Jones Ind. Avg.	12,849.6	(1.1)%	5.2%	<b>Financial Markets</b>	<b>Last</b>	<b>Prior</b>	<b>YE11</b>
FTSE JSE Africa All Share	33,705.0	(0.3)%	5.4%	VIX	19.55	17.20	23.40
Nikkei 225	9,471.8	(1.7)%	12.0%	Euribor Spread (%)	0.41	0.41	0.97
Hang Seng	20,607.3	(0.5)%	11.8%	UK 10 Year (%)	2.04	2.09	1.98
				USA 10 Year (%)	1.98	1.98	1.88
				Germany 10 Year (%)	1.72	1.74	1.83
<b>Currencies</b>	<b>Last</b>	<b>%Daily</b>	<b>%YTD</b>	Fra-Ger 10YR Spread (%)	0.98	0.97	1.27
USD/GBP	1.5829	(0.1)%	1.8%	Ita-Ger 10YR Spread (%)	3.63	3.54	5.23
EUR/GBP	1.2156	0.3%	1.4%	Spa-Ger 10 YR Spread (%)	4.05	3.99	3.21
USD/EUR	1.3022	(0.4)%	0.5%	Por-Ger 10YR Spread (%)	10.58	10.55	11.48
ZAR/USD	7.9961	0.6%	(1.2)%	Gre-Ger 10 YR Spread (%)	19.15	19.19	33.09
CAD/USD	1.0000	0.0%	(2.1)%				

Source: Bloomberg, Merchant Securities

\*Prices are last day closing prices for equity indices, commodity and currency prices are the most recent prices

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### Recommendation definitions

<b>BUY</b>	Share price appreciation of 10% or more in absolute terms over 12 months
<b>HOLD</b>	Share price appreciation or depreciation of less than 10% in absolute terms over 12 months
<b>SELL</b>	Share price depreciation of 10% or more in absolute terms over 12 months

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