

# Company Review

Ord Minnett Research

Wednesday, 18<sup>th</sup> August, 2010

## DKN

### FY10 results review

- DKN reported underlying NPAT of \$7.6M, a 23% improvement on FY09. The result was clean with only a minor impairment charge compared to FY09.
- The major drivers included higher FUA with the final spot balance of \$7.43Bn compared to a closing spot balance of \$6.83Bn at the end of FY 09. Importantly the key platform business (BT wrap et al) reported net inflows of \$525M but this was offset by a \$25M decline in the products business (cash related products).
- Total revenue grew by 8.8% to \$26.5M while operating costs only grew at 2.6%, delivering good operating leverage to the bottom line.
- The major driver remains the platform business, Lonsdale improved and the product business had a decline.
- OM believes that DKN is not directly impacted by the planned regulatory reforms as they currently stand. Any consolidation or need for smaller planners to look for buying power for their businesses are positives for DKN.
- DKN enters the FY11 year with a higher FUA (funds under advice) balance than at the beginning of FY10, its costs under control, a tidy balance sheet with little debt, equity market modestly up, and a highly strategic position as the provider of superior buying power for smaller independent financial planners
- We have reduced FY11 forecasts reflecting lower FUA balances – however we believe this is more than priced into the stock price. Given this favourable set of future conditions and a very reasonable valuation we retain a **Buy** on DKN and a DCF price target of 72 cents.

#### Key Financials

Year-end June (A\$)	FY09A	FY10A	FY11E	FY12E
Revenue (\$m)	24.1	26.4	28.6	30.6
EBITDA (\$m)	10.0	11.5	12.9	14.2
Net profit after tax (\$m)	-11.5	7.2	9.0	10.0
EPS (¢)	-7.7	4.9	6.1	6.8
P/E (x)	-7.8	12.3	9.8	8.9
EV/EBITDA	8.5	6.8	6.0	5.4
Dividend (¢)	2.0	4.5	5.4	6.0
Net Yield (%)	3.3%	7.5%	9.0%	9.9%
Franking (%)	100%	44%	0%	100%
Normalised NPAT (\$m)	6.2	7.6	9.0	10.0
Normalised EPS (¢)	4.2	5.2	6.1	6.8
EPS Growth (%)	-37.0%	23.1%	18.3%	11.0%
Normalised P/E (x)	14.3	11.6	9.8	8.9
Relative P/E (%)	92%	75%	63%	57%
Normalised ROE (%)	4.3%	5.2%	6.1%	6.7%

Source: Iress, Company Data, Ord Minnett Est. Share price: \$ 0.6 Aug 17, 2010

DKN \$0.60

Recommendation  
**Buy**

Risk Assessment  
**High**

#### Sector – Diversified financials

Stephen Scott

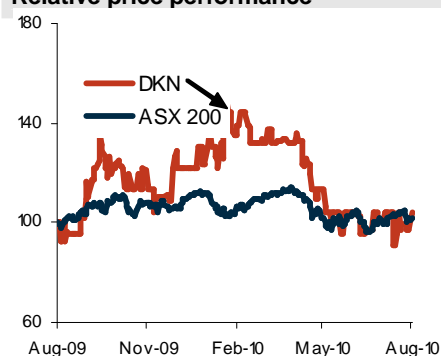
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#### DKN

ASX Code	DKN
52 week range	A\$0.51 – A\$ 0.85
Market Cap	84.6
Shares Outstanding	142
Av Daily Turnover	76,000
ASX All Ordinaries	4,503
ASX200 Industrials	3,466
NTA FY10 (¢ per share)	7.8
Net Debt FY10	-7.4

#### Relative price performance



Source: Iress

#### Consensus earnings vs OM

	FY11F	FY12F
NPAT (C)*	n/a	n/a
NPAT (OM)		
EPS (C)	n/a	n/a
EPS (OM)		

Source: \* guidance – not enough coverage

## Results summary

As can be seen from the table below the result contained very few surprises. The company had already updated the market in late May. The end of 2H10 decline in Funds under advice (FUA) did reduce the result.

Very few surprises

In particular a rough few months of market movements and a subdued June in terms of inflow reduced the FUA. The fact the business was still able to hit guidance was a sound result.

**Table 1. Summary DKN FYH10 result**

Item	FY09A	FY10A	% change	FY10F	% difference
Revenue	24.1	26.4	9.5%	25.5	3.5%
EBIT	9.5	11.0	15.8%	11.0	0%
NPAT – reported	-11.5	7.2	n.m	7.7	-6.5%
EPS reported	-7.7	4.9	n.m	5.2	-5.8%
NPAT – normalised	6.2	7.6	23%	7.7	-1.3%
EPS Normalised	4.2	5.2	23%	5.2	0%
DPS total	2.0	4.5	125%	3.0	50%
FUA \$bn	6.8	7.4	8.8%	8.3	-10.8%

Source: Company data, Ord Minnett

There was a modest impairment charge that related to the Equity partners business. The result was much cleaner than in the past where impairments have marred results. Improved dividends will be welcome by investors.

## Divisional snapshot

**Table 2. Divisional breakdown for DKN**

A\$m	FY09A	FY10A	%	Comment
<b>Revenues</b>				
Platform Solutions	14.8	16.5	+11.5%	Strong FUA
Product Solutions	2.1	1.6	-23%	Loss of momentum – cash moved into Term deposits
Acquisition (Equity)	0.9	0.8	-11%	Pre-impairment –strategic value
Lonsdale	5.8	6.9	+19%	Feeds the platform business
Other	0.5	0.6	n.m	
Total (pre unallocated)	24.1	26.4	+9%	
<b>EBIT</b>				
Platform Solutions	12.5	13.6	+9%	Greater balances, cost control
Product Solutions	1.5	1.0	-33%	Loss of FUA
Acquisition (Equity)	0.8	0.8	Flat	Pre-impairment
Lonsdale	-0.5	0	n.m	Division restated – supports Platform business
Other/corporate	-4.8	-4.4	-8%	
Total	9.5	11.0	+15%	

Source – DKN and OM

**Platform Solutions** performed well with positive inflows of \$525M for the year. June was disappointing compared to previous years. All months were positive. Circa 50% was transition business (business from other more expensive platforms and adviser movement) and 50% was inflows. The total FUA split was 1H10 \$300m and 2H10 \$225M. The pipeline for more transitions is reasonable. OML expects that July has also a similar run rate to the monthly run rate in 2H10. Investors are still cautious and business is hard won given current market conditions.

We have broken down the asset class exposure for the business based on the BT wrap which is about 72% of FUA. OML expects that other DKN platforms have a similar asset allocation mix.

**Table 3 Asset breakdown**

Asset class	%	\$bn
Aust. Equities	41%	\$3.04
International Equities	14%	\$1.04
Property	4%	\$0.29
Fixed Interest	9%	\$0.66
Diversified	13%	0.95
Cash	19%	1.41
<b>Total</b>	<b>100%</b>	<b>7.43</b>

Source – OM and DKN

OML note that there is a high level of cash. OML also understand that a lot more cash sits outside the platform business in term deposits, waiting to enter back into the market. These trends are also evident in OML private client broking business. Any change in the view towards the market would precipitate a strong inflow of wealth back into the platform business.

**The defining and enduring competitive advantage of this platform business is scale. Its volume matters to BT wrap and therefore DKN can offer buying power back to independent financial planners.**

There is also less leverage to equities than OML had expected and this partially insulates the business over time. It also axiomatically reduces the upside to equity rallies.

**Product platforms** performed poorly. A flight to direct cash resulted in a reduction in the platform's volume. Market uncertainty has prevented cash from being reinvested. It had a modest outflow during the reporting period.

**Lonsdale** – continued to add associated practices with numbers growing to 110 from 103. The addition of associated practices reveal the health of the DKN “eco system” in OML's view. This business has been re-stated with funds that flow into the platform business now reported in that division. It is a key source of business for the platform business.

**Acquisition and Succession (Equity)** The majority of the business reported better results. Return on carrying value is 7.8% post tax. One practice was impaired. There was debate at the OM DKN briefing as to the rationale behind this division. Management maintain that this style of investment is useful in growing the entire DKN business including the platform business. Acquired equity in practices supply a substantial volume of business to the platform business. Returns should improve post the GFC hit. During the downturn it was hard to acquire high quality planning business which were very reluctant to sell equity and DKN is reluctant to invest in distressed practices. The ultimate goal is to garner a return after tax north of 12% for the stakes acquired. We believe that a pipeline of equity stakes might be developing and that DKN is looking to add to this part of the business.

Wearing my ex retail analyst hat – I believe that the DKN model is not dissimilar to Metcash buying equity stakes in strategic independent supermarkets to secure volume and also realise an acceptable return on investment – or even large fund managers incubating boutique fund managers (although the volume security is less obvious). OML believes that investors will be sanguine once the returns are improved from this strategy and considerably less sanguine if returns don't improve.

## BT Wrap re-negotiation

The arrangement with BT Wrap was renewed in June 2010. DKN is a major contributor to the BT wrap platform (circa 20% of volume) and given the fixed leverage nature of the wrap platform market – this volume is materially important to BT Wrap. DKN have also been able to consistently deliver net inflows to the platform.

With this backdrop, OM believes that DKN may have likely secured reasonable terms for the next 5 years. In addition an element of future proofing was also likely to be part of the negotiation. As part of this process BT wrap prices have been lowered but with no financial impact on DKN.

## Future of Financial advice (Minister Chris Bowen's announcement 26 April 2010)

First on the eve of an election – the entire process of future reform may be scuttled if the federal Coalition is elected. OML understands that the federal Coalition has a policy to leave the current super arrangements effectively in place and avoid intervention.

Major objectives of the Minister Bowen (partially sourced from DKN) appear to be:-

1. Align client's interests with that of the financial planners. Effectively ending vague commission (rebate) arrangement between financial planners and fund managers – that might provide incentive for a financial planner to steer a client into a (high commission) unsuitable product.

OML defines a rebate as money that is paid to (often) planners from other parties fees (fund manager/other party).

*DKN act as an intermediary between the financial planning practice and the platform (WRAP). This does not involve DKN providing any explicit financial advice for the main DKN services business (Platform services). Therefore there is no "commission" to be cut.*

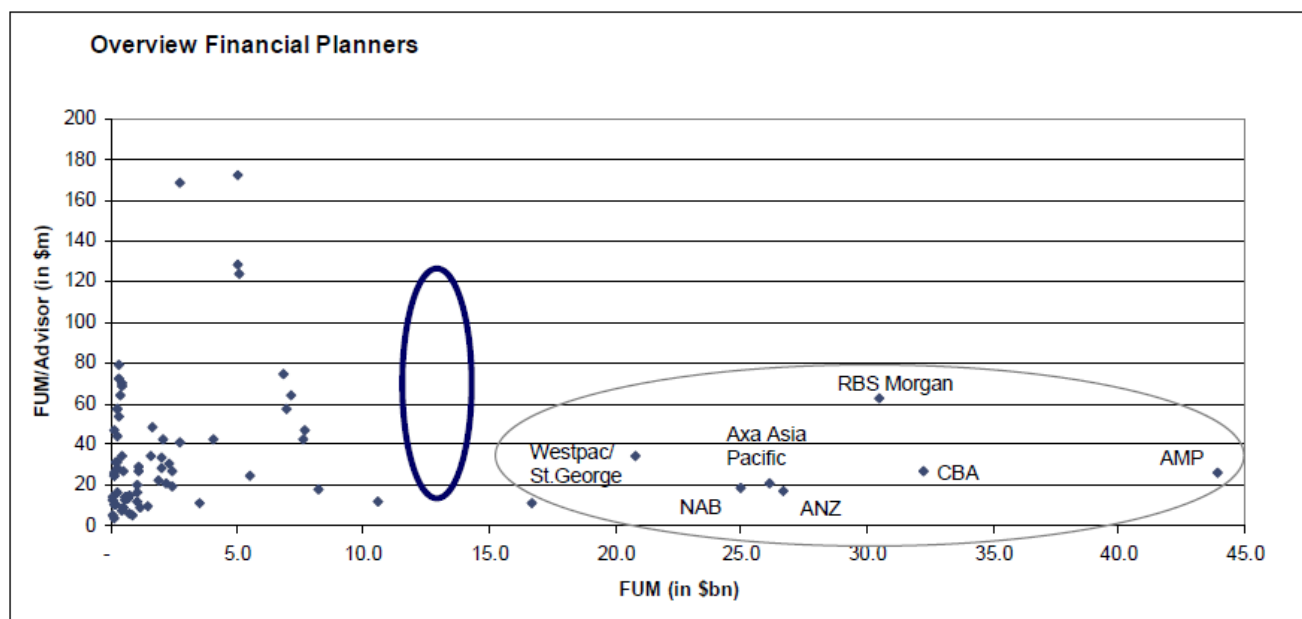
DKN provides the platforms and distribution platforms to financial planners . The end relationship that is set to be regulated is between the user of these services (financial planners) and their clients.

## Industry rationalisation

The chart overleaf shows that the industry is ready to engage in further rationalisation. The Cooper reforms will cut the income of financial planners and force smaller players to sell up, close down, cut costs and try to acquire scale. DKN can offer this scale and also an equity solution and license in a box (Lonsdale).

Tough equity market conditions and a strong desire for investors to get value for money from advice and take less risk all intensify this pressure across the industry.

Chart 1 – Consolidation opportunities within the financial planning sector



Source – DKN presentation (IFA Dealergroup survey 2009)

This table reveals the large amount of sub scale groups. The blue circle is where DKN is targeting a position. As can be seen there is a lot of large groups (which many smaller planners don't want to work for).

There is however 2 smaller divisions that might feel the impact of the move to ban rebate (commissions).

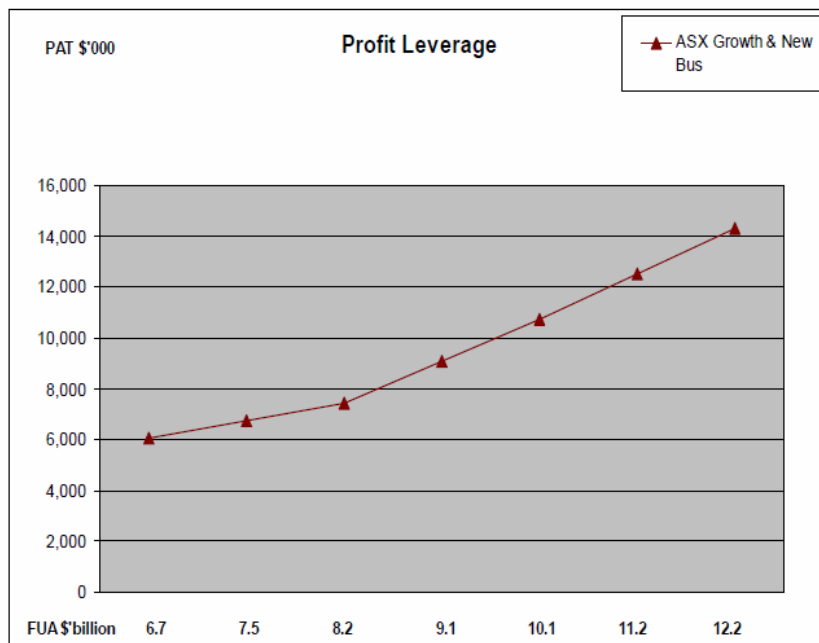
There will be major rationalisation amongst smaller financial planners who were (are) reliant on rebate income to survive. This might have the benefit of encouraging non aligned – totally independent groups to use an aggregator such as DKN and a license in a box solution that exists within the Lonsdale business. Smaller planners who try to negotiate with platforms will find it increasingly hard to get a good deal and will need to use players such as DKN to "rent" scale.

The Lonsdale business provides tools (compliance, planning, training, technical support) and structure (AFSL license in a box) to 100+ associated planning groups. This business along with the direct Equity investments in financial planners may be impacted by the changes associated with the Cooper review. Given the early nature of the legislation – the exact impact is unknown. Both these businesses are relatively small for DKN.

## Leverage

This chart shows that the fixed costs of the business are covered at the circa \$8bn FUA, there is enormous operating leverage in the business. Each \$1bn FUA over \$8bn adds ~\$2m to NPAT (assuming a steady market). OML estimates that about 80% of DKN's cost base is fixed and 20% variable – hence the operating leverage that sits in the business.

Chart 2 – Operating leverage model



Source – DKN internal modelling

We also note this assumes that DKN need to invest more into costs with each incremental \$ that comes in. If scale is reached quickly DKN's leverage could in fact be higher. If scale takes time, CPI cost increases will partially reduce the benefits to DKN.

## Estimates revisions

We have made reductions in our forecasts to reflect the lower FUA balance than we had originally forecast due to inflows likely remaining subdued. OML is assuming a 6.3% growth in spot FUA in FY11. We have also rebased the dividend higher to reflect the strong balance sheet position of the business.

Table 3 – revisions to forecasts

A\$m June	FY11F	FY11F	%Δ	FY12F	FY12F	%Δ
	Previous	Current		previous	Current	
Profit and loss						
Sales	29.2	28.6	-2%	31.7	30.6	-3.5%
EBITDA	14.0	12.9	-7.8%	15.6	14.2	-9%
EBIT	13.4	12.3	-8.2%	15.1	13.6	-10%
NPAT	9.7	9.0	-7%	10.9	10.0	-8%
EPS	6.6	6.1	-7%	7.4	6.8	-8%
DPS	4.1	5.4	+31%	4.6	6.0	+30%

Source: OM

The recent fall in the share price however dwarfs our revisions and OML also prefers to be conservative with respect to our forecasts. Given the recent pressure on the share price we believe the risk /reward is very favourable at current levels supported by a reasonable dividend (albeit mostly unfranked).

OML also notes the high degree of operating leverage on the upside if FUA starts to grow again.

## Stock catalysts

Disciplined participation in industry consolidation – either as an independent player selling scale to 3<sup>rd</sup> parties or via astute equity dealer or participating in M&A.

Inflows from the growth of the overall super system - APRA, RBA, Rice Warner, The Westpac Group (BT) estimate that Super balances expected to rise from \$1.2tr to \$3.1tr by 2020 (10% CAGR). This favourable macro trend obligates the industry to continue to grow despite overall market conditions.

Resolution of the tax situation and the ability of DKN to fully deduct old acquisition costs – DKN are still awaiting a decision from the ATO on this matter.

Of less quality but a driver are market movements for the business. The business enters FY11 with a higher balance than at the beginning of FY 10.

## Risk factors

- Financial markets remaining buoyant and consumers remaining committed to investing in super remain large drivers. OM note that there are a host of non market drivers such as the tax system, government policy and demographics that are NOT equity market driven.
- A major financial scandal may again catch the industry out. DKN have systems, risk mitigation (planners are independent) and processes to deal with this, however further scandals will occur and require management. DKN do not have any legal matters outstanding according to its most recent annual report.
- Given the highly scalable nature of the business any loss of high performing practices could have considerable impact.
- Loss leading competition from the major players, such as discounted professional indemnity insurance etc, could also be a threat.
- DKN also needs to continue to retain a differentiating factor in a very competitive market place.

## Business Description

DKN has 4 major businesses lines; a distribution platform (wrap account wholesaling), a product platform (sourcing/provision of products for distribution in wealth management to over 300 practices), Lonsdale (a full service dealer group available to over 100 practices) and Equity.

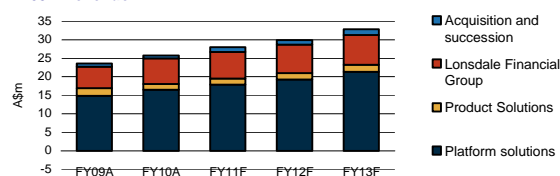
## DKN Financial Group

Profit & Loss Statement (A\$m)	FY09A	FY10A	FY11F	FY12F	FY13F
Revenue	24.1	26.4	28.6	30.6	33.4
Operating Costs	14.1	14.9	15.7	16.4	17.9
<b>EBITDA</b>	<b>10.0</b>	<b>11.5</b>	<b>12.9</b>	<b>14.2</b>	<b>15.5</b>
Depreciation & amortisation	-0.5	-0.5	-0.6	-0.6	-0.7
<b>EBIT</b>	<b>9.5</b>	<b>11.0</b>	<b>12.3</b>	<b>13.6</b>	<b>14.8</b>
Net Interest	-0.7	-0.3	0.2	0.3	0.3
<b>PBT pre-unusual items</b>	<b>8.8</b>	<b>10.7</b>	<b>12.5</b>	<b>13.8</b>	<b>15.1</b>
Unusual non-operating items	0.0	0.0	0.0	0.0	0.0
<b>NPBT</b>	<b>8.8</b>	<b>10.7</b>	<b>12.5</b>	<b>13.8</b>	<b>15.1</b>
Income Tax Expense	-2.6	-3.1	-3.5	-3.9	-4.2
<b>NPAT pre-OEI</b>	<b>6.2</b>	<b>7.6</b>	<b>9.0</b>	<b>10.0</b>	<b>10.9</b>
Minority interest					
NPAT	6.2	7.6	9.0	10.0	10.9
Abnormals / convertible dist.	-17.7	-0.4			
<b>Reported NPAT</b>	<b>-11.5</b>	<b>7.2</b>	<b>9.0</b>	<b>10.0</b>	<b>10.9</b>
<b>Normalised NPAT</b>	<b>6.2</b>	<b>7.6</b>	<b>9.0</b>	<b>10.0</b>	<b>10.9</b>
Effective Tax Rate	29.5%	29.0%	28.0%	28.0%	28.0%
Reported - diluted EPS	-7.7	4.9	6.1	6.8	7.4
Normalised (diluted) EPS	4.2	5.2	6.1	6.8	7.4
DPS (cps)	2.0	4.5	5.4	6.0	6.5
Dividend Yield (%)	3.3%	7.5%	9.0%	9.9%	10.8%
Payout Ratio	48%	87%	85%	85%	85%
Franking	100%	44%	0%	100%	100%
Free cash flow (cps)	1.4	8.4	6.3	7.0	7.7
FCF Yield (%)	2.3%	14.0%	10.6%	11.7%	12.8%

Cash Flow Statement (A\$m)	FY09A	FY10A	FY11F	FY12F	FY13F
Gross cashflow	10.7	9.6	12.8	14.1	15.4
Net Interest (paid)/received	-1.2	-0.8	0.2	0.3	0.3
Tax Paid	-2.1	3.6	-3.5	-3.9	-4.2
Other Operating Items	0.0	0.0	0.0	0.0	0.0
<b>Operating Cash Flow</b>	<b>7.4</b>	<b>12.4</b>	<b>9.5</b>	<b>10.5</b>	<b>11.4</b>
Capex	-0.1	-0.5	-0.5	-0.5	-0.5
Net Acquisitions and Investments	-1.5	-0.2	-1.0	-1.0	-1.0
Other investing items	1.7	3.4	0.0	0.0	0.0
<b>Investing Cash Flow</b>	<b>0.1</b>	<b>2.7</b>	<b>-1.5</b>	<b>-1.5</b>	<b>-1.5</b>
Inc/(Dec) in Equity	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Borrowings	-2.7	-3.2	-5.0	0.0	0.0
Dividends Paid	-4.8	-5.7	-7.4	-8.2	-8.9
Other Financing Items	-5.4	0.0	0.0	0.0	0.0
<b>Financing Cash Flow</b>	<b>-12.9</b>	<b>-8.9</b>	<b>-12.4</b>	<b>-8.2</b>	<b>-8.9</b>
<b>Net Inc/(Dec) in Cash (ex-FX)</b>	<b>-5.4</b>	<b>6.2</b>	<b>-4.4</b>	<b>0.8</b>	<b>1.0</b>

Balance Sheet (A\$m)	FY09A	FY10A	FY11F	FY12F	FY13F
Cash and Cash Equivalents	11.5	17.6	13.2	14.0	15.1
Current Receivables	6.3	2.8	3.0	3.2	3.5
Other Current Assets -Inv	0.4	0.3	0.3	0.3	0.3
PP & E	1.1	1.3	1.0	0.9	0.7
Intangibles	135.1	134.8	135.1	135.1	135.1
Other Non Current Assets	12.5	10.5	11.5	12.5	13.5
<b>Total Assets</b>	<b>166.9</b>	<b>167.3</b>	<b>164.2</b>	<b>166.1</b>	<b>168.2</b>
Short term Debt	3.2	10.2	5.2	5.2	5.2
Current Payables	4.1	1.8	2.0	2.1	2.3
Other Current Liabilities	1.1	1.4	1.4	1.4	1.4
Long term Debt	10.2	0.0	0.0	0.0	0.0
Other Non Current Liabilities	4.1	8.0	8.0	8.0	8.0
<b>Total Liabilities</b>	<b>22.7</b>	<b>21.4</b>	<b>16.6</b>	<b>16.7</b>	<b>16.9</b>
<b>Total Equity</b>	<b>144.2</b>	<b>145.9</b>	<b>147.6</b>	<b>149.4</b>	<b>151.3</b>
Net Debt	1.9	-7.4	-8.0	-8.8	-9.9

FY09A Revenue



Source: Ord Minnett, Company Data.

## Buy

Divisions (A\$m)	FY09A	FY10A	FY11F	FY12F	FY13F
<b>Revenue</b>					
Platform solutions	14.8	16.5	17.9	19.3	21.3
Product Solutions	2.1	1.6	1.6	1.8	1.9
Lonsdale Financial Group	5.8	6.9	7.2	7.6	8.1
Acquisition and succession	0.9	0.8	1.3	1.3	1.5
<b>Total</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Total</b>	<b>24.1</b>	<b>26.4</b>	<b>28.6</b>	<b>30.6</b>	<b>33.4</b>
<b>Drivers</b>					
Plat Soln aver bal \$m	6,150	6,065	6,615	7,150	7,900
Margin bp - aver funds	24	27	27	27	27
Product Soln average bal \$m	1,300	1,050	1,050	1,150	1,250
Margin bp - aver funds	16	15	15	15	15

Operational Metrics (%)	FY09A	FY10A	FY11F	FY12F	FY13F
Revenue growth	-3.4%	9.5%	8.4%	6.8%	9.3%
EBIT margin	39.5%	41.7%	43.0%	44.4%	44.2%
EBIT growth	-22.7%	15.5%	11.9%	10.3%	8.8%
Normalised EPS growth	-37.0%	23.1%	18.3%	11.0%	9.0%
Return on asset	4.0%	4.7%	5.4%	5.9%	6.3%
<b>Normalised ROE</b>	<b>4.3%</b>	<b>5.2%</b>	<b>6.1%</b>	<b>6.7%</b>	<b>7.2%</b>

Valuation Ratios (x)	FY09A	FY10A	FY11F	FY12F	FY13F
Reported P/E	-7.8	12.3	9.8	8.9	8.1
Normalised P/E	14.3	11.6	9.8	8.9	8.1
Price To Free Cash Flow	43.6	7.2	9.5	8.5	7.8
EV / EBITDA	8.5	6.8	6.0	5.4	4.9
EV / EBIT	8.9	7.1	6.3	5.6	5.1

Leverage	FY09A	FY10A	FY11F	FY12F	FY13F
Net Debt / Equity	1%	-5%	-5%	-6%	-7%
Net Debt / (ND + Equity)	1%	-5%	-6%	-6%	-7%
Net Debt / Total Assets	1%	-4%	-5%	-5%	-6%
EBITDA Interest Cover (x)	14.3	38.3	-83.5	-53.4	-49.7
EBIT Interest Cover (x)	13.6	36.7	-79.6	-51.2	-47.4

Substantial Shareholders	m	%
Zurich Financial Services	44.0	31.0%
Perennial IOOF	26.7	18.8%
Count	10.0	7.0%

Valuation	
WACC (%)	12.1%
Fully Diluted Number of shares (m)	147.3
Cost of Equity	13.6%
D/EV	20.0%
Risk Free Rate	5.0%

	A\$m	A\$
Operational NPV (5 year Forecast)	37.1	0.25
Terminal Value	61.7	0.42
Net Debt	-7.4	0.05
Franking Credits Value (50% weight)	0.1	0.00
<b>Group NPV</b>	<b>106.2</b>	<b>0.72</b>
Current Share Price		0.60
<b>NPV Discount to Share Price</b>		<b>20.0%</b>

Terminal Growth Rate	Valuation WACC				
	11.1%	11.6%	12.1%	12.6%	13.1%
1.60%	\$0.77	\$0.74	\$0.70	\$0.67	\$0.65
1.80%	\$0.78	\$0.75	\$0.71	\$0.68	\$0.65
2.00%	\$0.79	\$0.76	\$0.72	\$0.69	\$0.66
2.20%	\$0.81	\$0.77	\$0.73	\$0.70	\$0.67
2.40%	\$0.82	\$0.78	\$0.74	\$0.71	\$0.68

Equity Risk Premium	Valuation β				
	1.13	1.19	1.25	1.31	1.38
5.20%	0.87	0.84	0.82	0.80	0.78
5.85%	0.81	0.79	0.77	0.75	0.73
6.50%	0.77	0.74	0.72	0.70	0.68
7.15%	0.73	0.70	0.68	0.66	0.64
7.80%	0.69	0.67	0.65	0.63	0.61

Please contact your Ord Minnett Adviser for further information on our document.

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ASX Market Participant  
AFS Licence Number 237121

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## Guide to Ord Minnett Recommendations

BUY	The stock's total return (nominal dividend yield plus capital appreciation) is expected to exceed 15% over 12 months.
ACCUMULATE	The stock's total return is expected to be between 5% and 15%. Investors may add to existing holdings, or initiate holdings on share price weakness.
HOLD	The stock is fairly priced, and its total return is expected to be between 0% and 5%.
LIGHTEN	The stock's total return is expected to be less than 0% and possibly down 15%. Investors should consider selling into share price strength.
SELL	The stock's total return is expected to lose 15% or more.
RISK ASSESSMENT	Classified as High, Medium or Low, denotes the relative assessment of an individual stock's risk based on an appraisal of its disclosed financial information, volatility, nature of its operations and other relevant quantitative and qualitative criteria.

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Perennial/IOOF owns ~26.7m shares or about 19% of the shares outstanding in DKN. Perennial/IOOF is the parent company of Ord Minnett Ltd.

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