

Quick Comment

Joyce Corporation Ltd (JYC \$1.02) Speculative Buy

Analyst	Date	Price Target
Seth Lizee	18 th June 2020	\$2.20/sh (under review)

Lloyds Business Divestment

Key Points

- JYC has agreed to sell the remaining interest in Lloyds
- JYC has agreed to sell the 46% interest to Jacqst Enterprises Pty Ltd as trustee for the Sarkis Family Trust No 6 (an entity controlled by Steven Sarkis, director of Lloyds)
- The 46% interest is being sold for \$3.8m
 - \$0.5m non-refundable deposit paid to JYC on the execution of the sales agreement
 - \$3.3m payable to an escrow account with full amount payable by 24th September 2020
- JYC have also provided a trading update:
 - JYC continues to see encouraging order levels in the bedroom and Kitchen space
 - Sales levels are significantly higher than those seen in April and have further added cash to the business
- Full pay (previously 50% deferred) has been re-instated for board members and senior management
- We maintain our Speculative Buy recommendation with Price Target and Valuation under review

Investment Thesis

The sale of Lloyds is a positive outcome for JYC. We see the outcome strengthening the balance sheet during what is a difficult and uncertain time for JYC. The trading update continues to show improving operating conditions, following from the previous update where JYC had discussed towards early positive signs emerging. That being said we remain cautious going forward regarding COVID-19 risks and look towards a continuation in the current recovery trend.

Joyce Corporation Ltd (JYC)

Share Price	1.02	A\$/sh	Enterprise Value	47.7	A\$/m
Price Target	2.20 (under review)	A\$/sh	Debt (1H'20, inc. AASB16)	20.9	A\$/m
Valuation	2.20 (under review)	A\$/sh	Cash (1H'20)	1.9	A\$/m
Shares on issue	28.1	m(dil)			
Market Capitalisation	28.7	A\$m			

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Contact Details

Euroz Securities Limited +61 8 9488 1400

Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Andrew Clayton - Resources Analyst	+61 8 9488 1427
Steven Clark - Resources Analyst	+61 8 9488 1430
Gavin Allen - Industrials Analyst	+61 8 9488 1413
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizée - Associate Research Analyst	+61 8 9488 1414

Institutional Sales

Andrew McKenzie - Executive Chairman	+61 8 9488 1407
Rob Black - Managing Director	+61 8 9488 1423
Jay Hughes - Executive Director	+61 8 9488 1406
Russell Kane - Executive Director	+61 8 9488 1426
Simon Yeo - Executive Director	+61 8 9488 1404
Timothy Bunney - Executive Director	+61 8 9488 1461
Peter Schwarzbach - Executive Director	+61 8 9488 1492
Stacy Kitsantas - Institutional Adviser	+61 8 9488 1486
Jayne Walsh - Institutional Adviser	+61 8 9488 1418

Private Client Advisers

Chris Webster - Head of Private Clients	+61 8 9488 1412
Ben Statham - Executive Director	+61 8 9488 1417
Brian Bates - Executive Director	+61 8 9346 0314
Cameron Murray - Executive Director	+61 8 9488 1440
James Mackie - Executive Director	+61 8 9488 1416
Lucas Robinson - Executive Director	+61 8 9488 1424
Ryan Stewart - Executive Director	+61 8 9488 1441
Tim Lyons - Executive Director	+61 8 9346 0324
Brett Stapleton - Associate Director	+61 8 9488 1435
Giles McCaw - Associate Director	+61 8 9488 1462
Michael Bowden - Associate Director	+61 8 9346 0307
Richard Gardner - Associate Director	+61 8 9488 1444
Paul Berson - Associate Director	+61 8 9346 0314
Paul Cooper - Associate Director	+61 8 9346 0316
Ian Harrison - Investment Adviser	+61 8 9488 1422
Lauren Walker - Investment Adviser	+61 8 9488 1495
Michael Bartley - Investment Adviser	+61 8 9346 0352
Tom Kenny - Investment Adviser	+61 8 9488 1431
Zac Vinten - Associate Adviser	+61 8 9488 1473
Laurence Grescos - Associate Adviser	+61 8 9488 1419
Katrina Ryan - Associate Adviser	+61 8 9488 1453
Brandon Oosthuizen - Associate Adviser	+61 8 9488 1471

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