



Duxton Broadacre Farms Ltd

Float Watch Report

Overview: Duxton Broadacre Farms Limited (“Duxton”, “the Company”) is an Australian agriculture company focused on grain assets and production. The Company’s existing farm investment portfolio comprises of 19,462 hectares of land across three farms located in New South Wales. Duxton produces a range of agricultural commodities including cotton, wheat, barley, corn, canola and pulses and the Company’s broadacre farms have been valued at \$58.3 million. Duxton Capital will be the investment manager of the Company.

DISCOVERY

DEVELOPMENT

DELIVERY

Catalysts: Management forecasts a 50% increase in revenues and a return to profitability in FY18 after unusually challenging conditions during FY17. Subsequently, Duxton expects to reward shareholders via dividend distributions from 2019 onwards. Global grain and water prices have depreciated over the past few years which may represent a cyclical low for the industry. Management have a strong track record in the industry.

Hurdles: Duxton’s earnings are sensitive to atmospheric conditions and there is a risk that adverse weather conditions impact the Company’s operations. There is no guarantee that global grain prices will recover from recent lows and further price depreciation may negatively impact the Company’s financial performance or the value of its assets. There is a concentration risk as all of Duxton’s assets are located in NSW.

Investment View: Duxton offers speculative exposure to agriculture trends. We are attracted to the magnitude of the Company’s assets, forecasted financial performance and experience of the management team. Risks include reliance on external conditions, commodity price volatility and concentration of the Company’s assets. Agriculture stocks have historically experienced earnings volatility due to external factors – including the weather – which are beyond the Company’s control. However, Duxton’s portfolio offers diversity across production assets with significant water security, thus mitigating some of the risks associated with farming. With commodity prices trading well below the long-term average the industry may be at a cyclical low, which could present an opportune time for this IPO.

USE OF PROCEEDS (\$22m)

Asset Acquisitions	Asset Development	Acquisitions	80%
		Repay Debt	14%
Vendor Sale	Balance Sheet	Offer Costs	7%



BID FOR DBF

5th December 2017

Initial Public Offer

[Click here for Prospectus](#)

Price: \$1.50

Listing : 17th Jan

DISCLOSURES

REPORT COMMISSIONED BY	Wise-owl
AUTHOR OWNS THIS SECURITY	No
COMPANY OWNS THIS SECURITY	No

CORPORATE SUMMARY

TICKER	DBF.ASX
SHARES ON OFFER	14.7m
POST FLOAT SHARES	44.1m
OTHER SECURITIES	

MARKET CAP	\$66.2m
ISSUED CAPITAL	\$46.1m

FINANCIAL OVERVIEW FY18 FORECAST

REVENUE	\$13.7m
NPAT	\$0.8m
GROWTH vs FY17 (FORECAST)	~50%
DEBT/EBITDA	0.4x
DIVIDEND YIELD	TBC

BOARD OF DIRECTORS

CHAIRMAN	Ed Peter
MANAGING DIRECTOR	Tony Hamilton

TRACK RECORD

VALUE CREATION	Strong
OPERATIONS	Strong
CAPITAL MARKETS	Strong

POST FLOAT SHAREHOLDERS

	Min Raise	Max Raise
IPO INVESTORS	21.4%	33.2%
WYALONG RURAL	54.2%	46.1%
MERRIMENT INVSTM	24.4%	20.7%
OTHER	0%	0%





FLOAT WATCH RANKING

“Management forecasts significant revenue growth”



2.5/5

GLOSSARY

-  High Flyer – strong prospect of value growth
-  Airborne – favourable value growth prospects
-  Clear for Takeoff – reasonable value growth potential with appropriate capital structure given the risks
-  Safety Check – elevated risks shadow value growth potential
-  Grounded – value growth not likely due to excessive risks

Company Life Cycle

- Discovery** Assets typically at a concept stage, yet to demonstrate commercial potential. Company reliant on external capital.
- Development** Feasibility and commercial trials are a primary focus. Company reliant on external capital.
- Delivery** Assets are typically generating cash flow. Company has an operating focus & may no longer rely on external capital

ABOUT US

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ARCHIVES

FLOAT WATCH

Nov-17	Wagners Holdings Company WGN.ASX
Nov-17	Frontier Diamonds FDX.ASX
Oct-17	Cape Range Limited CAG.ASX
Oct-17	Domain Holdings DMA.ASX
Oct-17	Engage:BDR Limited EN1.ASX
Sep-17	HyGleaCare Inc HGC.ASX

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