

Antares Reporting Season Wrap: Guidance downgrades but the prospect of rate cuts saw the market higher

September 2025

Overall, the August reporting season saw more earnings beats than misses, but more outlook downgrades than upgrades. Yet the ASX300 rose more than 3% for the month.

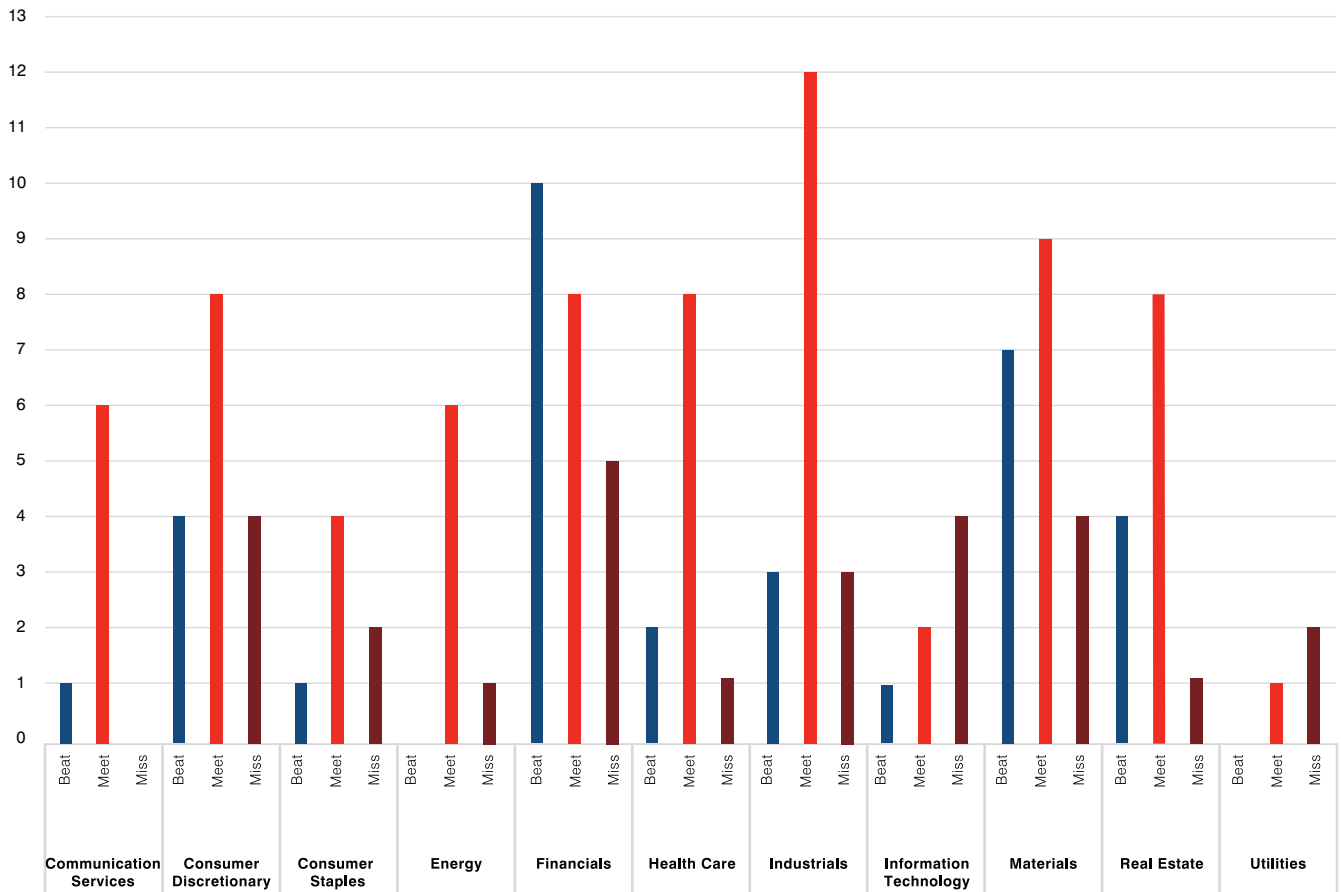
Key points

- Earnings beats largely reflected stronger margins, possibly enabled as companies have improved their cost management after years of inflation.
- The domestic consumer has been resilient and expectations are still for the RBA to cut rates further – hence, consumer discretionary stocks (like Nick Scali) and the financials had the most outlook upgrades during August.
- In contrast, global cyclicals, such as James Hardie and BlueScope, faced headwinds from tariffs and the weak US housing market. The sector produced the largest downgrades and share price underperformance relative to other groups.
- Price moves on result day have again roughly correlated with changes in outlook, much more so than reported earnings.
- And while there were some notable large cap falls (CSL, James Hardie) and more earnings downgrades than upgrades, the rise in the market over the month may reflect more confidence about the prospect of rate cuts, plus some cynicism about companies low balling guidance so they can surprise at the next results round.
- Further, the positive surprise on dividends (including special dividend announcements from Wesfarmers, Qantas and Super Retail) may be a better indicator of corporate Australia's outlook.

For stocks covered by Antares, there were also more earnings beats than misses and more outlook downgrades than upgrades.

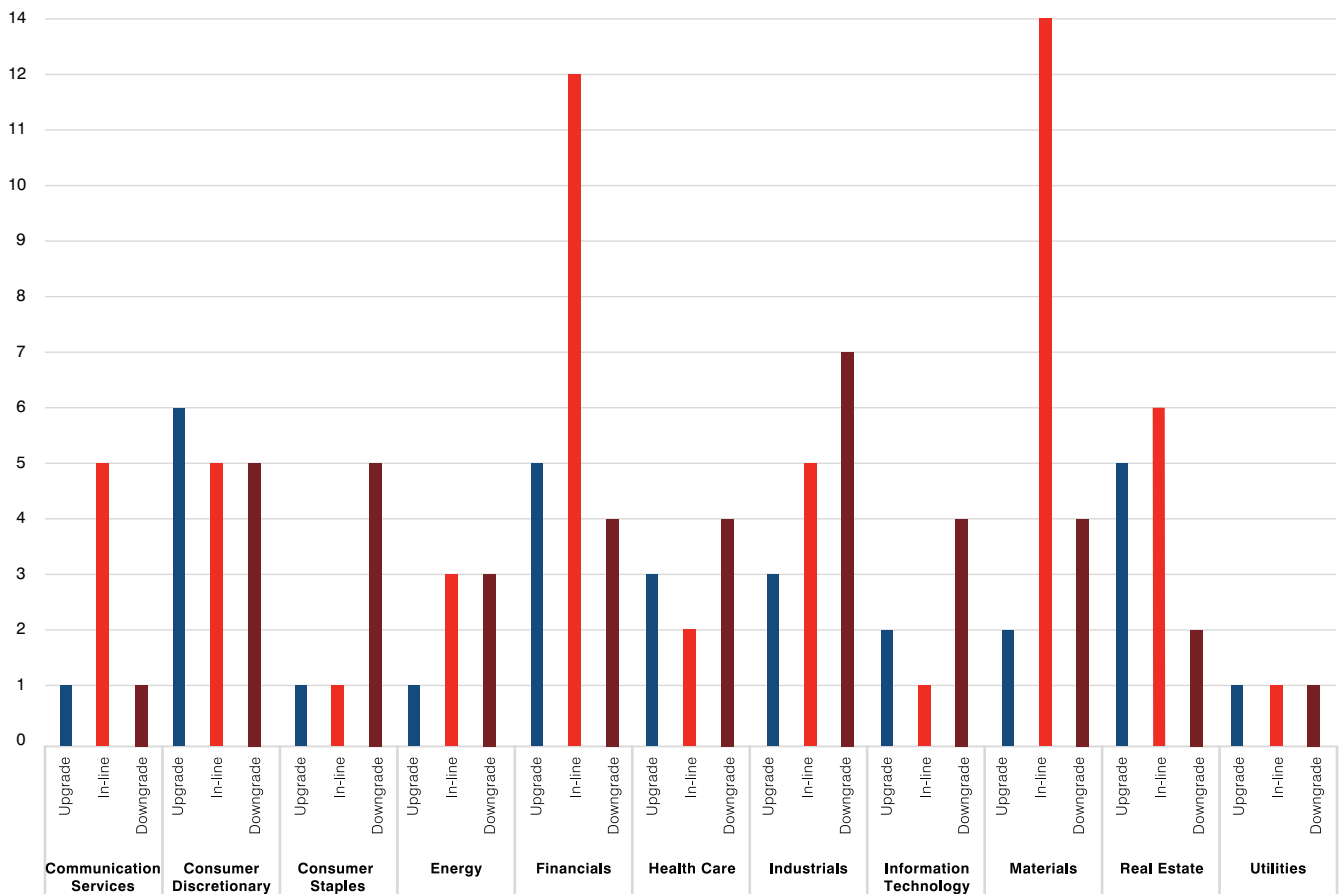
	Beat	Meet	Miss
Results	36	73	28
	Upgrade	In-line	Downgrade
Outlook	33	60	44

Figure 1: Results by Sector



Source: Antares Equities, Bloomberg; September 2025

Figure 2: Outlook by Sector



Source: Antares Equities, Bloomberg; September 2025

The Financials, Real Estate and Consumer Discretionary sectors had the most upgrades likely a result of the prospect of further interest rate cuts.

In contrast, Industrials which includes several global cyclicals had the most downgrades given the uncertainty on tariffs and ongoing concerns about the US housing market.

Stocks that most impacted Antares portfolios

Dividend Builder (DB) had a very good reporting season. Given DB's primary focus is to deliver income in excess of its benchmark (ideally franked), its bias to domestic oriented stocks played out well.

In contrast, the strategies that were more aligned to global growth and / or the US consumer and tariffs (Elite Opportunities Fund, High Growth Shares Fund and Ex-20 Australian Equities Fund) had mixed results – some stocks like CAR Group, Life360 and Block Inc performed very well, yet James Hardie, which is particularly exposed to the US housing market fared poorly, as did CSL which faces tariff uncertainty as well as criticism of its own restructure plans.

Company	Positive	Negative
Block Inc (XYZ) XYZ reported a strong 14% beat to consensus for 1H25. The company is expecting to exit FY25 with a gross profit (GP) growth run rate of 19% with 20% operating income margin which is above consensus.	Elite Ex20 HGSF	
CAR Group (CAR) Reinvestment and the US Boat market are limiting near term leverage but the key item was acceleration of TI (Trader Interactive) revenue growth.	Elite Ex20 HGSF	
Coles (COL) The COL result was a modest beat at the EBIT (Earnings Before Interest and Taxes) and EPS (Earnings Per Share) line, but the big surprise was the first 8 weeks of FY26 trading - up>7% year on year (ex tobacco).		DB Elite HGSF not owned
Commonwealth Bank (CBA) CBAs result was largely in-line with consensus with strength in revenue (both interest income and trading income) offset by higher operating expenses. While the dividend was slightly ahead of expectations, the stock was sold down.	DB Elite HGSF underweight	
CSL Limited (CSL) The company announced a small FY26 guidance downgrade of approximately 2%. However, the market hated the accompanying commentary, including walking away from the timeline on the return to pre-COVID gross margin for its Behring division. Also its IG (Immunoglobulin) revenue growth was negative. The result was a near 20% share price fall. (See appendix for a more detailed comment on CSL)	DB	Elite HGSF
Goodman Group (GMG) The result was in line with expectations but the mid-point of guidance for FY26 was 2% below consensus. Work in progress was also a bit lower than expected. There was no tangible progress in partnerships.		Elite HGSF
Ingham (ING) ING produced a FY25 EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) that missed consensus expectation and was at the bottom of its own guidance range, as well as providing a FY26 earnings guidance range that was 10% below consensus estimates at the midpoint and implied an earnings decline versus FY25. ING experienced demand challenges in the later part of FY25, which it attributed to cost of living pressures resulting in lower than expected household purchases of its retail poultry products. The FY26 earnings guidance reflects an expectation of current demand (and negative sales mix) challenges continuing. Its share price fell by over 20%.	HGSF (short)	

Company	Positive	Negative
James Hardie (JHX) JHX shocked the market with a 1Q26 result which was much weaker than expected, with the underperformance coming from its key North America business which suffered a much larger than anticipated sales volume decline. The company attributed the sales weakness to market softness and customer destocking, but the result also raised concerns that it is losing market share. The FY26 earnings guidance also sorely disappointed in being much lower than consensus estimates.	DB not owned	Elite HGSF
Life360 (360) The company announced a 2Q25 revenue beat by 4.7% and EBITDA by 51.5%. FY25 guidance was raised with mid-point revenue 1% ahead and EBITDA 5.6% ahead of consensus. There was strong MAU (Monthly Active Users) and PC (Paying Circles) momentum and advertising rollout is on-track.	Elite Ex20 HGSF	
Light & Wonder (LNW) There was a negative reaction to what was a mixed result. SciPlay outperformed expectations, but timing issues in gaming sales drove a top-line miss. The move to a sole primary ASX listing carries significant index implications, with an expanded buyback aimed at offsetting the impact. Governance remains amber/red on our ESG traffic lights, with litigation-related game disclosures still unclear.	Elite HGSF * While there was an initial price drop, the stock regained ground by month end.	
National Australia Bank (NAB) NAB announced a 3Q25 3% beat to consensus profit pre-provisions, driven by stronger Net Interest Margin (NIM), offset by higher operating expenditure. Cash earnings were 1% ahead due to higher bad debt impairments. They also announced \$130m of payroll remediation costs, which are expected to see FY25 costs up 4.5% on FY24 (0.6% above consensus).	DB	
Origin Energy (ORG) ORG provided FY26 earnings guidance for its Energy Markets business which was in line with expectations. The company also made positive commentary about the medium-term outlook for this business, with electricity gross margins expected to remain relatively elevated over the next few years. Its baseload generator Eraring is producing solid earnings at current electricity prices, and earnings will be further boosted by ORG's investments into grid-scale batteries which are coming online over the next few years.	DB	
Qantas (QAN) Strong capacity and unit revenue guidance resulted in FY26 upgrades despite a slight elevation in costs.	DB Elite Ex20 HGSF	
QBE Insurance (QBE) QBE delivered a poorly received 1H25 result, despite a headline beat to consensus. Insurance premium rates decelerated to only 2% in 1H25. Various one-off items included in earnings drove the beat. On an underlying adjusted basis, the result was a 6% miss.	DB Elite HGSF not owned	

Company	Positive	Negative
Seek (SEK) The result provided strong evidence of leverage and medium-term building blocks to achieve higher margins.	Elite Ex20 HGSE	
Super Retail Group (SUL) SUL produced a strong 2nd half result and a good trading update. Competitive issues are seemingly resolved.	DB	
Tabcorp (TAH) TAH reported an earnings beat and guidance upgrade. There was great cost control and evidence of wagering market share gain as the market turns. Strong cashflow aided deleveraging.	DB Elite Ex20 HGSE	
Telstra (TLS) The FY25 result was fine overall, and guidance for FY26 was not a smash out of the park. The company announced a \$1bn buy-back and announced a second half dividend of 9.5 cents per share (in line with consensus) and margins that were ahead of consensus. Nevertheless the stock was sold down.		DB Elite
The Lottery Corporation (TLC) Profit after tax was a slight beat (\$365m vs \$356m), driven by impairment reversal and lower depreciation and amortisation. TLC starts FY26 with good momentum. Powerball price changes earlier than people expected (November this year) adds ~2% to topline for FY26.	DB	
Woolworths (WOW) The FY25 result was broadly in line with consensus but guidance was softer. WOW lagged Coles growth in the June quarter and also in the first 8 weeks of FY26 by even more.		DB Elite HGSE

Other results under Antares coverage

Winners

Brambles (BXB)

While BXB's revenue finished the year on a softer note, it still delivered earnings which met expectations and also free cash flow which beat the company's own guidance. Its FY26 guidance on earnings growth and free cash flow generation point to another year of strong operating leverage and cash flow management. Another share buyback program was also announced with the stock rising by more than 13% on the day.

Ansell (ANN)

While ANN's FY25 earnings were broadly in line with expectations, it pleased the market with a FY26 earnings guidance range that was better than expected. Another strong positive was its expectation that it can fully offset the impact of higher US import tariffs via price levers. The successful integration of its recent acquisition of Kimberly Clark's personal protective equipment business has also led ANN to raise its cost synergy target. Its share price rose by more than 10%.

Bega Cheese (BGA)

BGA produced FY25 earnings which were broadly in line with expectations, but it provided FY26 earnings guidance which was above estimates and alleviated market concerns about the potential impact of higher input costs (namely milk purchased from dairy farmers). Despite a relatively subdued end market due to cost of living pressures, BGA's Branded business still produced solid earnings growth due to cost savings (such as site rationalisation) and its share price rose by 7%.

Downer EDI (DOW)

While revenue was lower than expected and continued to decline as DOW exited sub-optimal contracts, the company delivered earnings margins which showed it remains on track to achieve its medium-term margin target. The announcement of a \$230m share buyback program was also well received with the stock up by nearly 6%.

Losers

Reece (REH)

While FY25 earnings were broadly in line with expectations, it was management commentary during the results call which led to the dramatic share price performance. As well as macro-economic related challenges (soft end markets), REH management noted the company is also experiencing more structural problems in terms of labour productivity (in Australia), rising competition in both Australia and the US and more staff loss at its US waterworks business. Management also painted a negative outlook picture, with no near-term market improvements anticipated. Its share price fell by 16.4% on reporting day.

AGL Energy (AGL)

AGL produced FY25 earnings which slightly disappointed, with earnings dragged down by unplanned generator outages which occurred late in the fiscal year. The bigger negative was its FY26 earnings guidance. While the EBITDA guidance was modestly below sell-side expectations, there was a big miss at the net profit line due to the higher depreciation expense associated with the sustenance capex being spent on the fleet of aging generators. AGL was down 13.1% on reporting day.

Amcor (AMC)

AMC disappointed with a softer than expected finish to FY25, with sales volume lower due to weaker end markets (particularly the US) and margins also impacted by operational issues. While AMC is still expected to produce solid earnings growth in FY26 (courtesy of cost synergies associated with its recent acquisition of Berry Global), its FY26 earnings guidance was lower than anticipated which led to downgrades to sell-side numbers and a 9.7% fall in share price on reporting day.

Reliance Worldwide (RWC)

RWC's FY25 earnings report was not a negative surprise, however its commentary around expected sales and margins for 1H26 was not well received by the market. It highlighted the lack of anticipated recovery in any of its markets and the large drag on earnings and margins which the US import tariffs will have during that first half (albeit RWC's updated guidance on net tariff impact has improved compared to the initial guidance). The stock finished down by 6.7% on reporting day.

Appendix A

Antares comment on CSL

CSL's P/E (price-to-earnings) relative to the ASX200 Industrials has now fallen to a discount as the 2% downgrades to FY26 consensus earnings forecasts saw a nearly 20% share price fall.



Source: Bloomberg; August 2025

The 4 key issues / investor opinions from the result that upset the share market and saw the share price savaged together with our response to them are:

1. IG sales were weak in the second half: FY25 growth in IG of 7% means 2H IG growth was -0.7% vs prior comparable period.

- The US IRA Part D legislative reform impacted the second half and the company disclosed this impact as -\$100m to revenue.
- The second half was also impacted by the loss of low priced tenders that CSL said they were unwilling to price down to.
- Taking both of these into account, the company claims IG growth for FY25 would have been double-digit.
- Our calculations suggest the tender losses have cost at least -\$69m revenue and that without these two negatives the 2H revenue growth would have been 5%, as a minimum.

2. IG growth is over

- The share market is speculating that IG has maxed-out
- See above for reasons that growth slowed for CSL in 2H25.
- They company is adamant that demand growth remains robust in key indications. And we are confident that demand in core indications for IG is growing.

- FY26 growth will be impacted by the loss of tenders for UK & Mexico but we note that industry feedback suggests that Grifols took the UK tender at prices so low they are unlikely to ever be repeated because it was in need of cashflow given very large debts.

3. CSL Behring gross margin (GM) recovery won't happen

- The company re-affirmed recovery of GM to its pre-COVID level will happen, but has abandoned any timeframe.
- Since the company gave original guidance on this, currency moves have cost a few % of GM. This means that the margin gains the company has delivered are materially better than they look.
- There have been timing delays on higher margin specialty products that have delayed further GM gains. The FDA delayed approval of Andembry by 6 months and Hemgenix uptake has been slower than expected. We note this is typical for gene therapies.
- Input cost of collecting plasma will continue to decline with i-nomogram implemented through 2H25 and the roll-out of Rika machines fully implemented by end FY25. This will mean there should be significant reductions in the cost of plasma sold from 2H FY26.

4. Selling Seqirus at the bottom of vaccines cycle

CSL intends to demerge the business and CSL investors will retain ownership of it and exposure to any upside that comes from the vaccine cycle or change in US healthcare administration.

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