FORSYTH BARR

Air New Zealand

NEUTRAL

FY19 — Lower Altitude Flying

Air New Zealand's (AIR) FY19 result confirmed our existing view that the current risk/reward for AIR shares is fairly and finely balanced. In other words, there was nothing dramatically new in the result to alter our thinking and therefore we retain a NEUTRAL rating. Profitability and return on capital has fallen materially in recent years given a combination of competition, higher fuel prices, Rolls Royce engines issues, and slowing demand growth. FY20 guidance suggests FY19 is the trough in the current earnings cycle, with management intent on clawing its way back to PBT of NZ$500m in future years. This will take longer to achieve than the speed of decline, in our view.

What's changed?

- **Target Price:** Increased to NZ$2.60 from NZ$2.50 due to lower WACC estimate

New CEO, new challenges

Christopher Luxon's financial record as CEO has been impressive. Seven years of ROIC in excess of AIR's minimum target of 10% and compound annual capacity growth of +5%. The company enjoyed some material tailwinds in his early years and increasingly battled headwinds in recent years. The business he hands on to his unknown successor is very different (bigger, more commercial, more profitable) to the one he inherited. While the strategic direction is unlikely to change we expect the incoming CEO will need to pull a few different levers in order to sustainably return PBT to ~NZ$500m.

Slower revenue run-rate; intense cost focus

AIR ended FY19 with a passenger revenue growth run-rate of ~+5%. This is likely to be about as good as it gets in FY20 despite mid-single digit capacity growth and AIR's revenue management toolkit being supportive. On the other side of the ledger unit cost control will be helped by (1) a more benign fuel price environment, (2) initial benefits of AIR's NZ$60m cost-out programme including cycling the costs associated with the Rolls Royce engine issues, and (3) the scale benefits of strong long-haul growth. FY19 should be the low point in the earnings cycle, unless the economic clouds darken.

Risk attached to yield attraction

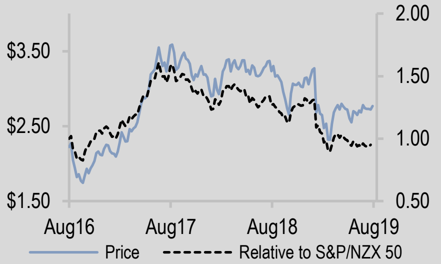
At ~10x one year forward PE on our earnings estimates, AIR currently trades at a ~10% premium to Qantas (QAN) and is one of the more expensive listed airlines globally — justified given its strong structural position. Its cash dividend yield of ~8% may appear attractive in a yield hungry market, yet it is an airline, and yield is only as good as the sustainability of the dividend in a downturn. While we forecast a modest recovery in profits and ROIC in FY20, we suspect the dividend would be at risk in the event of another step down in earnings.

Investment View

Investing in AIR is more about timing than taking a long term view. The airline industry generates volatile returns. While AIR is no exception it has a better recent track record than most of its international peers. Strong management and the structural advantage of being based in NZ with a dominant local business offers some earnings support through the cycle. However, AIR is not immune to cyclical swings as evidenced in recent months. NEUTRAL.

NZX Code	AIR
Share price	NZ$2.77
Target price	NZ$2.60
Risk rating	High
Issued shares	1123.0m
Market cap	NZ$3,111m
Average daily turnover	855.6k (NZ$2,403k)

Share Price Performance



Financials: June	19A	20E	21E	22E
NPAT* (NZ$m)	270.1	294.4	335.7	345.4
EPS* (NZc)	23.9	26.1	29.7	30.6
EPS growth* (%)	-30.4	9.0	14.0	2.9
DPS (NZc)	22.0	22.0	22.0	22.0
Imputation (%)	100	100	100	100

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	4.9	4.5	4.1	4.1
EV/EBIT	12.4	11.5	10.1	10.0
PE	11.6	10.6	9.3	9.1
Price / NTA	1.6	1.6	1.5	n/a
Cash dividend yield (%)	7.9	7.9	7.9	7.9
Gross dividend yield (%)	11.0	11.0	11.0	11.0

*Historic and forecast numbers based on underlying profits

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FORSYTH BARR

Air New Zealand Ltd (AIR)	Priced as at 22 Aug 2019: NZ$2.77		June year end

Forsyth Barr valuation

Valuation methodology	Average of DCF, PE relative and price to book		
12-month target price (NZ$)*	**2.60**	**Spot valuations (NZ$)**	
Expected share price return	-6.1%	1. DCF	2.66
Net dividend yield	7.9%	2. Price to book	2.51
Estimated 12-month return	1.8%	3. PE relative	2.35
Key WACC assumptions		**DCF valuation summary (NZ$m)**	
Risk free rate	2.00%	Total firm value	4,534
Equity beta	1.40	(Net debt)/cash	(1,548)
WACC	9.7%	Value of equity	2,986
Terminal growth	1.5%	Shares (m)	1,123

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	5,485	5,785	6,006	6,237	6,492
Normalised EBITDA	**1,065**	**935**	**1,039**	**1,117**	**1,128**
Depreciation and amortisation	(525)	(567)	(638)	(662)	(666)
Normalised EBIT	**540**	**368**	**401**	**455**	**462**
Net interest	(33)	(31)	(30)	(28)	(23)
Associate income	33	37	38	39	40
Tax	(150)	(104)	(114)	(131)	(134)
Minority interests	-	-	-	-	-
Normalised NPAT	**390**	**270**	**294**	**336**	**345**
Abnormals/other	-	-	-	-	-
Reported NPAT	**390**	**270**	**294**	**336**	**345**
Normalised EPS (cps)	34	24	26	30	31
DPS (cps)	22	22	22	22	22

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	7.4	5.5	3.8	3.8	4.1
EBITDA (%)	2.9	-12.2	11.1	7.5	1.0
EBIT (%)	-0.4	-31.8	9.0	13.3	1.6
Normalised NPAT (%)	2.9	-30.8	9.0	14.0	2.9
Normalised EPS (%)	3.4	-30.4	9.0	14.0	2.9
Ordinary DPS (%)	4.8	0.0	0.0	0.0	0.0

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**1,065**	**935**	**1,039**	**1,117**	**1,128**
Working capital change	227	245	242	242	264
Interest & tax paid	(183)	(135)	(145)	(158)	(157)
Other	(78)	(59)	(137)	(133)	(144)
Operating cash flow	**1,031**	**986**	**999**	**1,068**	**1,091**
Capital expenditure	(809)	(821)	(775)	(650)	(650)
(Acquisitions)/divestments	33	13	40	40	40
Other	(2)	(75)	23	24	24
Funding available/(required)	**253**	**103**	**287**	**481**	**505**
Dividends paid	(260)	(260)	(247)	(247)	(247)
Equity raised/(returned)	(17)	(14)	-	-	-
Increase/(decrease) in net debt	**24**	**171**	**(40)**	**(234)**	**(258)**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	89	60	63	62	62
Fixed assets	5,035	5,268	5,365	5,313	5,257
Intangibles	170	186	186	186	186
Other assets	647	602	602	602	602
Total funds employed	**5,941**	**6,116**	**6,216**	**6,163**	**6,107**
Net debt/(cash)	1,391	1,542	1,502	1,268	1,010
Other non current liabilities	2,374	2,485	2,545	2,608	2,677
Shareholder's funds	2,176	2,089	2,169	2,287	2,420
Minority interests	-	-	-	-	-
Total funding sources	**5,941**	**6,116**	**6,216**	**6,163**	**6,107**

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	4.1	4.9	4.5	4.1	4.1
EV/EBIT (x)	8.1	12.4	11.5	10.1	10.0
PE (x)	8.1	11.6	10.6	9.3	9.1
Price/NTA (x)	1.6	1.6	1.6	1.5	1.4
Free cash flow yield (%)	7.1	5.3	7.2	13.4	14.2
Net dividend yield (%)	7.9	7.9	7.9	7.9	7.9
Gross dividend yield (%)	11.0	11.0	11.0	11.0	11.0
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	64	92	84	74	72

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	16.4	11.9	13.2	16.4	20.3
Interest cover EBITDA (x)	32.3	30.2	34.1	40.3	49.5
Net debt/ND+E (%)	39.0	42.5	40.9	35.7	29.4
Net debt/EBITDA (x)	1.3	1.6	1.4	1.1	0.9

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	6.9	4.7	5.1	5.8	5.9
Return on equity (%)	17.9	12.9	13.6	14.7	14.3
Return on funds employed (%)	n/a	n/a	n/a	n/a	n/a
EBITDA margin (%)	19.4	16.2	17.3	17.9	17.4
EBIT margin (%)	9.8	6.4	6.7	7.3	7.1
Capex to sales (%)	14.7	14.2	12.9	10.4	10.0
Capex to depreciation (%)	154	145	121	98	98

Operating Performance	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Normalised NPAT	390	270	294	336	345
Tax	150	104	114	131	134
Other	-	-	-	-	-
Underlying PBT	**540**	**374**	**409**	**466**	**480**
Available Seat Km (ASK)					
Domestic	6,905	7,104	6,926	7,030	7,136
Tasman and Pacific	12,964	13,640	13,981	14,400	14,832
Long-haul	24,406	25,285	27,181	27,997	28,837
Total	**44,275**	**46,029**	**48,089**	**49,428**	**50,805**
Change (%)	n/a	4.0	4.5	2.8	2.8
Revenue Passenger Km (RPK)					
Domestic	5,719	5,957	5,784	5,870	5,958
Tasman and Pacific	10,584	11,195	11,464	11,808	12,163
Long-haul	20,359	21,421	22,832	23,517	24,223
Total	**36,662**	**38,573**	**40,080**	**41,196**	**42,344**
Load factor (%)					
Domestic	82.8	83.9	83.5	83.5	83.5
Tasman and Pacific	81.6	82.1	82.0	82.0	82.0
Long-haul	83.4	84.7	84.0	84.0	84.0
Total	**82.8**	**83.8**	**83.3**	**83.3**	**83.3**
RASK (cents per ASK)					
Domestic	22.0	22.5	23.6	24.1	24.6
Tasman and Pacific	9.6	9.6	9.8	9.9	10.0
Long-haul	7.9	8.1	8.0	8.2	8.3
Total	**10.6**	**10.8**	**10.8**	**11.0**	**11.1**
Costs					
CASK ex-fuel/forex (cents per ASK)	7.22	7.36	7.21	7.25	7.35
Fuel (NZ$m)	987	1,271	1,274	1,290	1,359
Fuel per ASK	2.2	2.8	2.6	2.6	2.7

* Forsyth Barr target prices reflect valuation rolled forward at cost of equity less the next 12-months dividend

Result summary: cyclical low

Air New Zealand (AIR) reported an FY19 operating result comfortably 'in-line' with its PBT guidance of more than NZ$340m (actual: NZ$374m). Cost control continues to be a strength, with further CASK (cost per available seat km) improvements evident. However, the result was substantially lower than FY18, largely due to higher fuel costs.

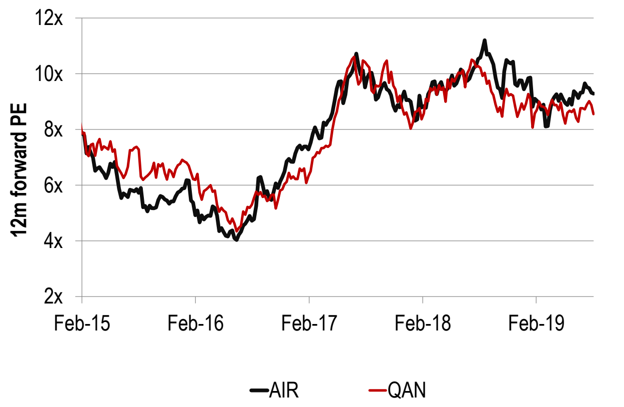
Figure 1. FY19 result summary (NZ$m)

	FY18	FY19	Change	Forsyth Barr
Sales revenue	5,485	5,785	5.5%	5,790
EBITDRA	1,292	1,180	-8.7%	1,134
Underlying PBT	**540**	**374**	**-30.7%**	**352**
Reported NPAT	390	270	-30.8%	260
Underlying NPAT	**390**	**270**	**-30.8%**	**260**
Underlying diluted EPS (cents)	34.4	23.9	-30.4%	22.9
Final DPS (cents)	11.0	11.0	0.0%	11.0

Source: AIR, Forsyth Barr analysis

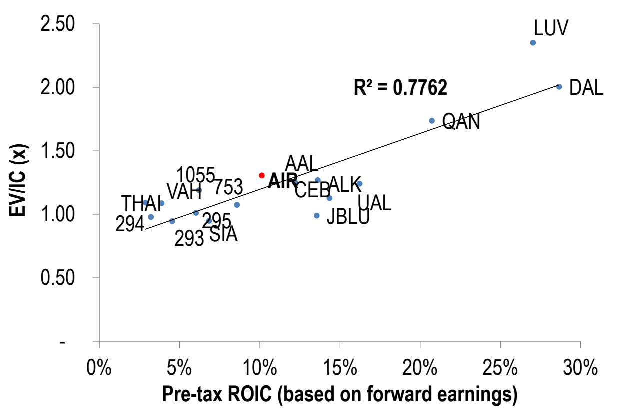
We increase our target price to NZ$2.60 from NZ$2.50 to reflect our lower WACC estimate (reduced from 10.2% to 9.7%). We retain a NEUTRAL rating and remain wary of any additional demand weakness given the economic backdrop is more likely to deteriorate than improve, in our opinion.

Figure 2. AIA vs. QAN



Source: Eikon, Forsyth Barr analysis

Figure 3. Returns are a key driver of airline valuations



Source: Eikon, Forsyth Barr analysis Note: each data point represents a listed airline

Earnings revisions

Our earnings forecasts are largely unchanged as shown in Figure 4. Our unchanged FY20 PBT forecast of NZ$409m is consistent with management's first time guidance range of NZ$350m–NZ$450m and incorporates fuel costs of ~NZ$1.3bn.

Figure 4. Earnings revisions (NZ$m)

	FY20E			FY21E			FY22E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Group RASK growth	-0.3%	0.1%	41 bps	0.7%	1.5%	78 bps	n/a	1.5%	n/a
Group ASK growth	5.1%	4.5%	-66 bps	3.1%	2.8%	-28 bps	n/a	2.8%	n/a
Jet fuel (average US$ price)	85	78	-9%	85	78	-8%	n/a	83	n/a
Fuel cost (ex FX hedging)	1,340	1,274	(66)	1,367	1,290	(77)	n/a	1,359	n/a
Sales revenue	6,033	6,006	0%	6,250	6,237	0%	n/a	6,492	n/a
Underlying PBT	**409**	**409**	**0%**	**465**	**466**	**0%**	**n/a**	**480**	**n/a**
Underlying NPAT	301	294	-2%	341	336	-1%	n/a	345	n/a
Underlying EPS (cents)	26.5	26.1	-2%	30.0	29.7	-1%	n/a	30.6	n/a
DPS (cents)	22.0	22.0	0%	22.0	22.0	0%	n/a	22.0	n/a

Source: Forsyth Barr analysis

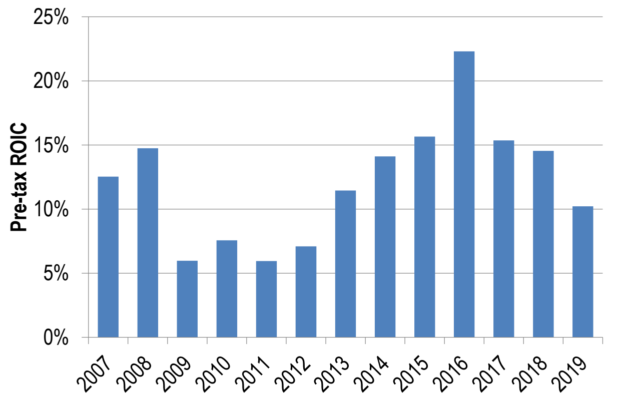
Key issues from the result

(1) Return on capital in the range, just

AIR reported its lowest return on capital (pre-tax ROIC at 10.2%) outcome since FY12 but still just within its target range of 10%–15%. In response, management wants to drive a recovery in PBT to ~NZ$500m (from NZ$374m in FY19) over the next several years. On its FY19 capital base this would amount to a pre-tax ROIC of ~13%, comfortably within the target range.

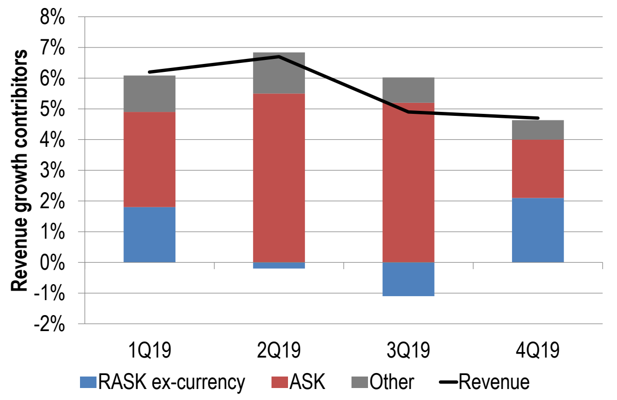
However, in light of the dramatic decline in bond yields (and therefore the risk free rate) its target range may no longer be appropriate. Management suggested it was reviewing the range, which we anticipate will be lowered in due course.

Figure 5. ROIC history



Source: AIR, Forsyth Barr analysis

Figure 6. Revenue growth softened in FY19



Source: AIR, Forsyth Barr analysis

(2) More moderate revenue run-rate

We already knew that passenger revenue growth had slowed through FY19 (given the monthly operating stats), ending the year at a ~+5% run-rate. In contrast, non-passenger revenue declined -5% in 2H19, having grown +10% in 1H19. Cargo in particular has weakened, consistent with the general decline in cargo evident in IATA air freight data.

We expect passenger revenue growth to remain at current run-rate levels through FY20, driven by capacity growth of +4.5% (management has reduced its capacity growth guidance to +4% to +5%) and broadly flat RASK. While RASK will likely increase domestically due to capacity reductions, international RASK will decline, particularly on long haul as a result of the mix impact of new routes.

Non-passenger revenue growth will remain subdued through FY20, in our opinion, given in particular the unfavourable freight market impact on cargo.

(3) Cost focus; cost tailwinds in FY20

Cost per available seat km (CASK) continues to improve, a function of the company's general approach to cost management. The company's lean stature and general cost focus will make its ~NZ$60m cost-out initiative hard to achieve and difficult to measure.

In FY19 CASK improved +1.2% (pre fuel, forex and the Roll Royce engine issues) given economies of scale and efficiency benefits, more than offsetting inflationary pressure of +1.8%. The rate of CASK improvement should increase in FY20 given (1) the stronger capacity growth in lower unit cost long haul, and (2) realisation of the overhead and operations cost programme benefits.

Fuel cost guidance for FY20 incorporates existing crack spread hedges (45% of the Brent hedging in place for 1H20 and 65% for 2H20 has further crack spread hedging), which provides protection against a crack-spread blow-out as a result of the IMO2020 (low sulphur marine fuel regulations) changes from next calendar year.

Result analysis

Figure 7. Result analysis (NZ$m)

	FY18	FY19	Change	Comments
Profit and loss account				
Sales revenue	5,485	5,785	5.5%	New record high
EBITDRA	**1,292**	**1,180**	**-8.7%**	**Includes fuel price headwinds of NZ$209m**
Rentals	(227)	(245)	7.9%	
Depreciation and amortisation	(525)	(567)	8.0%	New aircraft deliveries. NZ$70m increase in depreciation in FY20
Interest expense	(33)	(31)	-6.1%	
Associates	33	37	12.1%	Increased volume growth in Christchurch Engine Centre JV
PBT	**540**	**374**	**-30.7%**	**Comfortably above guidance of "PBT exceeding NZ$340m"**
Taxation	(150)	(104)	-30.7%	Effective rate of 27.8%
Underlying NPAT	**390**	**270**	**-30.8%**	
Abnormals (post tax)	0	0	n/a	
Reported NPAT	390	270	-30.8%	
EPS (cents)	34.4	23.9	-30.4%	1,123m shares on issue
Final DPS (cents)	11.0	11.0	0.0%	Consistent with recent periods
Cashflow and net debt				
Operating cashflow	1,031	986	-4.4%	Reduction in cash earnings offset by strong working capital cash flow
Maintenance capex = depreciation	(525)	(567)	8.0%	Forecast investment of NZ$1.9bn in aircraft through to 2023
Disposals	33	13	-60.6%	
Free cash flow	**539**	**432**	**-19.9%**	
(Acquisitions)/divestments	0	0	n/a	
Net debt/(cash)	1,391	1,542	10.9%	Gearing at 54.6% in between 45%–55% target band
Key statistics				
Revenue per ASK (RASK) growth by segment				
Domestic	3.7%	2.6%	n/a	
Tasman & Pacific Islands	3.7%	0.6%	n/a	Tasman stronger driven by additional capacity following end of Virgin Australia JV
Long haul	-0.8%	2.8%	n/a	Up +0.7% excluding FX, loads up +1.3%
Total RASK	1.8%	2.0%	n/a	Slowed to +1.4% in 2H19
Total ASK growth	5.0%	4.0%	n/a	ASK growth guidance of +4% to +5% in FY20
Passenger revenue	**6.9%**	**6.0%**	**n/a**	**2H19 pax revenue growth of +5.1%**
Non-pax revenue growth				
Cargo	10.4%	5.4%	n/a	Volume down -1.3% and yield down -0.5%; softer 2H19
Contract services	17.7%	2.1%	n/a	Increase in third party maintenance work
Other services	3.8%	-2.1%	n/a	Higher utilisation of lounge services and increased loyalty membership
Total revenue	**7.4%**	**5.5%**	**n/a**	
Cost per ASK growth by segment (cents)				
Labour	2.92	2.94	0.4%	Rate and activity increases as well as operational inefficiencies
Fuel at hedged price translated at prevailing forex rate	2.23	2.76	23.9%	Cost of fuel excluding FX up +21%, largely driven by price increases
Maintenance	0.80	0.87	9.0%	Reflect capacity growth, price increases and third party maintenance activity
Aircraft operations	1.43	1.47	2.9%	Reflective of capacity growth and price increase
Passenger services	0.67	0.69	4.0%	
Sales & Marketing	0.78	0.76	-2.1%	Greater promotional activity
Forex hedging	0.04	(0.12)	-368.3%	
Other	0.63	0.63	0.3%	
Pre-abnormals	**9.49**	**10.00**	**5.4%**	Reported CASK including fuel impact up +5.4%

Source: Forsyth Barr analysis

Investment summary

Air New Zealand (AIR) offers one of the most favourable structural positions for any airline globally. A dominant domestic business with ~80% market share and an international business that has mitigated competitive threats through JVs, lower cost capacity, and its brand positioning among higher yielding NZ travellers. Management is pursuing a rational value accretive strategy of optimising revenues through yield and capacity initiatives, and keeping a lid on costs. A softening demand backdrop and higher fuel costs, means a step down in profitability in FY19, albeit a stable dividend offers share price support. NEUTRAL.

Business quality

- **Strong position in tough industry:** AIR operates in an intensely competitive industry. It benefits from a duopoly industry structure in NZ.
- **Fleet investment:** AIR continues to invest in new lower cost capacity, which provides scope for growth and a more competitive fleet.

Earnings and cash flow outlook

- **Fuel prices:** Jet fuel represents ~25% of the cost base at AIR and can have a significant impact on company profitability from period to period. AIR hedges forward most of its exposure, which offers near term certainty. Crack spread risks are apparent over the next 18 months given IMO2020.
- **Passenger demand:** Rising demand both domestically and from offshore markets is supportive to yields and load factors.
- **Cost control:** Management believes cost control measures can more than offset inflationary pressures to lower CASK (cost per available seat km).

Financial structure

- **Balance sheet:** Gearing is at the top end of management's 45%–55% target band but is likely to fall ahead of the wide-body capex from FY23.
- **Special dividend opportunity:** A relative capex holiday in FY21 and FY22 provides scope for special dividends.

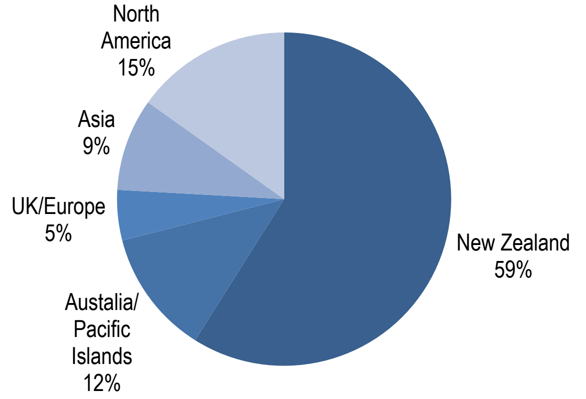
Risks factors

- **Left field events:** Disease outbreak, volcanic ash clouds, terrorism events.
- **Macro:** Volatility in exchange rates and global oil prices can have a dramatic impact on profitability.
- **Safety:** Any blip on AIR's good safety record could impact passenger confidence in the airline.

Company description

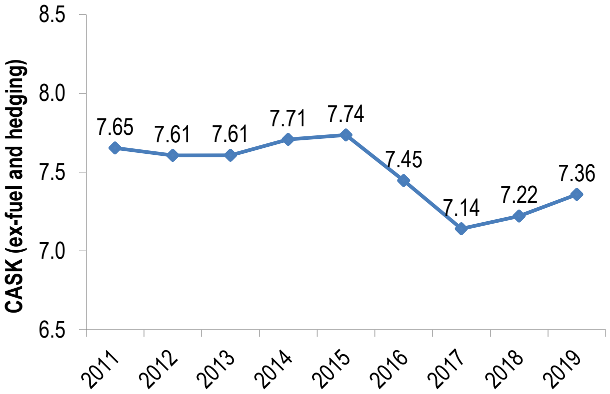
AIR is the dominant airline in New Zealand, with a market share of around 80% in the domestic duopoly. In addition it operates and has the leading market shares on key international routes to Asia, Australia, Pacific Islands, North America and South America reflective of its Pacific Rim focussed strategy. Several of these routes including Singapore (Singapore Airlines), trans-Tasman (Virgin Australia until 27 Octo 2018), Hong Kong (Cathay Pacific), China (Air China), and the US (United) are operated on a full revenue sharing JV basis.

Figure 1. Geographic revenue mix in FY19



Source: Company reports, Forsyth Barr analysis

Figure 2. Cost per ASK under control (cents per ASK)



Source: Forsyth Barr analysis

Figure 8. Substantial Shareholders

Shareholder	Latest Holding
NZ Govt	52.5%

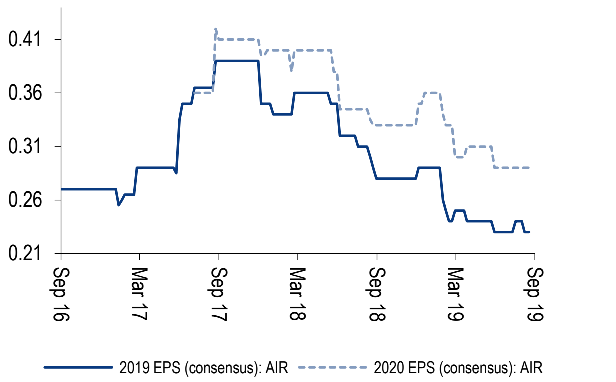
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 9. International Compcos

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
(metrics re-weighted to reflect AIR's balance date - June)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Air New Zealand	**AIR NZ**	**NZ$2.77**	**NZ$3,111**	**10.6x**	**9.3x**	**4.5x**	**4.2x**	**11.6x**	**10.2x**	**7.9%**
Deutsche Lufthansa AG	LHA GY	€13.17	€6,259	4.2x	3.5x	2.6x	2.4x	5.8x	5.1x	6.6%
Air France-KLM	AF FP	€10.44	€4,473	7.0x	5.5x	2.6x	2.5x	8.3x	7.4x	0.6%
Singapore Airlines	SIA SP	S$8.94	S$10,594	13.6x	13.4x	5.7x	5.2x	14.6x	13.0x	3.7%
Cathay Pacific Airways	293 HK	HK$10.42	HK$40,991	10.8x	9.3x	6.5x	6.2x	25.2x	21.2x	4.4%
Qantas Airways	QAN AT	A$5.78	A$9,078	9.8x	8.9x	3.9x	3.8x	8.1x	8.0x	4.5%
Virgin Australia Holdings	VAH AT	A$0.16	A$1,351	<0x	<0x	5.7x	5.3x	22.1x	17.3x	0.0%
American Airlines Group Inc	AAL US	US$26.42	US$11,764	5.0x	4.5x	6.8x	6.6x	10.4x	10.0x	1.4%
United Airlines Holdings Inc	UAL US	US$85.29	US$21,913	7.0x	6.4x	5.6x	5.3x	8.5x	8.1x	n/a
			Compco Average:	**8.2x**	**7.4x**	**4.9x**	**4.7x**	**12.9x**	**11.3x**	**3.0%**
EV = Current Market Cap + Actual Net Debt			**AIR Relative:**	**+29%**	**+27%**	**-9%**	**-11%**	**-10%**	**-9%**	**+162%**

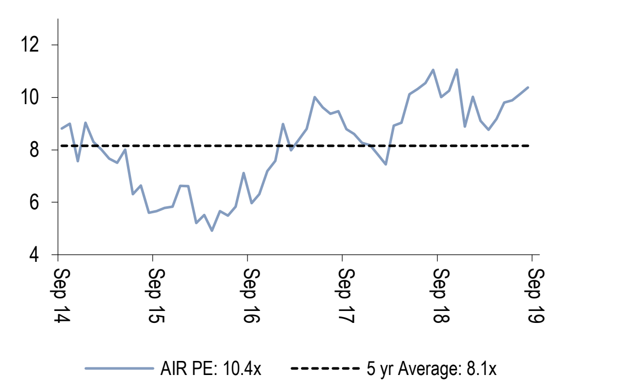
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (AIR) companies fiscal year end

Figure 10. Consensus EPS Momentum



Source: Forsyth Barr analysis, Bloomberg

Figure 11. 12 Month Forward PE



Source: Forsyth Barr analysis