

Air New Zealand

1H20 – No Vis On COVID

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NEUTRAL 

Air New Zealand (AIR) reported a subdued 1H20 result characterised by below trend revenue growth; however, the result has little relevance to the outlook; there is only one story in town at the moment. Coronavirus uncertainty is having a material impact on profitability given the company's sensitivity to demand changes. Management is responding appropriately with capacity cuts, but remains exposed to demand being weaker, and for longer, than currently anticipated. In this environment it's difficult to have a strong view on AIR. While we expect a rapid recovery in demand once the coronavirus is ultimately contained, we anticipate newsflow getting worse before it gets better. We're NEUTRAL on a 12 month horizon but see scope for buying opportunities should the share price weaken further from current levels. The balance sheet and delayed fleet investment provides some protection to the dividend should profitability fall further.

NZX Code	AIR	Financials: Jun/	19A	20E	21E	22E	Valuation (x)	19A	20E	21E	22E
Share price	NZ\$2.37	NPAT* (NZ\$m)	270.1	234.7	280.3	331.4	EV/EBITDA	4.4	3.0	2.5	2.4
Target price	NZ\$2.50	EPS* (NZc)	23.9	20.8	24.8	29.4	EV/EBIT	11.2	6.5	5.1	4.6
Risk rating	High	EPS growth* (%)	-30.4	-13.1	19.4	18.2	PE	9.9	11.4	9.5	8.1
Issued shares	1123.0m	DPS (NZc)	22.0	22.0	22.0	22.0	Price / NTA	1.4	1.5	4.0	3.4
Market cap	NZ\$2,662m	Imputation (%)	100	100	100	100	Cash div yld (%)	9.3	9.3	9.3	9.3
Avg daily turnover	852.8k (NZ\$2,314k)	*Based on normalised profits					Gross div yld (%)	12.9	12.9	12.9	12.9

What's changed?

- **Earnings:** FY20E PBT reduced by -20% to NZ\$326m (mid-point of management's guidance range)
- **Target price:** Cut from NZ\$2.60 to NZ\$2.50; we expect coronavirus to have a temporary impact on demand only

An uncertain outlook

The coronavirus outbreak has created a huge amount of uncertainty for near term demand. AIR is anticipating a -5% impact on 2H20 capacity with ~70% of this accounted for by announced scheduled cuts to date. While we reduce our capacity growth expectations in-line with updated company guidance we believe the risk to this outlook is to the downside, given the global spread of the virus and the potential that it arrives in New Zealand and Australia. However, we remain cognisant that once the virus is ultimately contained AIR's markets are likely to recover quickly with a corresponding rebound in profitability. In the meantime, AIR's share price performance will be driven as much by sentiment as fundamentals, in our opinion.

Rational industry reaction should help mitigate yield declines

AIR has a history of being nimble and responding quickly to black swan demand events. It began cutting capacity on 1 February and has continued to make further adjustments since. In contrast, other airlines have historically taken longer to react. However, the general industry response to coronavirus is consistent with our general assessment that the industry is now far more rational than it was. This should provide some yield protection for AIR through this period of uncertainty.

CEO review concluded by mid-year

New CEO Greg Foran is undertaking a strategy review of the business having already received a large amount of feedback from staff and customers. Consistent with his track record at Woolworths Australia and Walmart USA we expect him to conclude that some reinvestment is necessary in the 3 P's – people, product and prices.

Air New Zealand Ltd (AIR)

Priced as at 27 Feb 2020 (NZ\$)

2.37
12-month target price (NZ\$)*
2.50

Expected share price return

5.5%

Net dividend yield

9.3%

Estimated 12-month return

14.8%

Key WACC assumptions

Risk free rate

2.00%

Equity beta

1.40

WACC

9.8%

Terminal growth

1.5%

Spot valuations (NZ\$)

1. DCF

2.54

2. Price to book

2.51

3. PE relative

2.21

DCF valuation summary (NZ\$m)

Total firm value

7,488

(Net debt)/cash

(1,494)

Less: Capitalised operating leases

Value of equity

5,995

Profit and Loss Account (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
Sales revenue	5,485.0	5,785.1	5,913.3	6,013.1	6,341.2
Normalised EBITDA	1,065.0	935.1	1,213.0	1,264.9	1,327.6
Depreciation and amortisation	(525.0)	(567.0)	(429.7)	(419.5)	(416.0)
Normalised EBIT	540.0	368.1	562.8	624.7	691.0
Net interest	(33.0)	(31.0)	(4.2)	(4.1)	(0.7)
Associate income	33.0	37.0	43.0	44.3	45.6
Tax	(150.0)	(104.0)	(91.3)	(109.0)	(128.9)
Minority interests	0	0	0	0	0
Normalised NPAT	390.0	270.1	234.7	280.3	331.4
Abnormals/other	0	0	33.1	0	0
Reported NPAT	390.0	270.1	201.6	280.3	331.4
Normalised EPS (cps)	34.4	23.9	20.8	24.8	29.4
DPS (cps)	22.0	22.0	22.0	22.0	22.0

Growth Rates

	2018A	2019A	2020A	2021A	2022A
Revenue (%)	7.4	5.5	2.2	1.7	5.5
EBITDA (%)	2.9	-12.2	29.7	4.3	5.0
EBIT (%)	-0.4	-31.8	52.9	11.0	10.6
Normalised NPAT (%)	2.9	-30.8	-13.1	19.4	18.2
Normalised EPS (%)	3.4	-30.4	-13.1	19.4	18.2
Ordinary DPS (%)	4.8	0.0	0.0	0.0	0.0

Cash Flow (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
EBITDA	1,065.0	935.1	1,213.0	1,264.9	1,327.6
Working capital change	227.0	245.0	0	(0.0)	0
Interest & tax paid	(183.0)	(135.0)	(110.1)	(140.6)	(157.1)
Other	(78.0)	(59.1)	(233.5)	(201.0)	(93.0)
Operating cash flow	1,031.0	986.0	869.4	923.3	1,077.4
Capital expenditure	(809.0)	(821.0)	(775.0)	(650.0)	(650.0)
(Acquisitions)/divestments	33.0	13.0	40.0	40.0	40.0
Other	(2.0)	(75.0)	25.8	26.6	27.4
Funding available/(required)	253.0	103.0	160.2	339.8	494.8
Dividends paid	(260.0)	(260.0)	(247.1)	(247.1)	(247.1)
Equity raised/(returned)	(17.0)	(14.0)	0	0	0
(Increase)/decrease in net debt	(24.0)	(171.0)	(86.9)	92.8	247.8

Balance Sheet (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
Working capital	89.0	60.0	63.3	63.0	62.0
Fixed assets	5,035.0	5,268.0	3,838.0	3,807.9	3,781.3
Intangibles	170.0	186.0	186.0	186.0	186.0
Right of use asset	0	0	2,459.0	2,459.0	2,459.0
Other assets	647.0	602.0	602.0	602.0	602.0
Total funds employed	5,941.0	6,116.0	7,148.3	7,117.8	7,090.3
Net debt/(cash)	1,391.0	1,542.0	507.0	1,536.1	1,288.3
Lease liability	0	0	2,186.0	2,186.0	2,186.0
Other liabilities	2,374.0	2,485.0	2,519.8	2,547.0	2,636.1
Shareholder's funds	2,176.0	2,089.0	1,935.4	848.8	979.8
Minority interests	0	0	0	0	0
Total funding sources	5,941.0	6,116.0	7,148.3	7,117.8	7,090.3

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

Valuation Ratios

	2018A	2019A	2020E	2021E	2022E
EV/EBITDA (x)	3.7	4.4	3.0	2.5	2.4
EV/EBIT (x)	7.3	11.2	6.5	5.1	4.6
PE (x)	6.9	9.9	11.4	9.5	8.1
Price/NTA (x)	1.3	1.4	1.5	4.0	3.4
Free cash flow yield (%)	8.3	6.2	3.5	10.3	16.1
Net dividend yield (%)	9.3	9.3	9.3	9.3	9.3
Gross dividend yield (%)	12.9	12.9	12.9	12.9	12.9

Capital Structure

	2018A	2019A	2020E	2021E	2022E
Interest cover EBIT (x)	16.4	11.9	>100x	>100x	>100x
Interest cover EBITDA (x)	32.3	30.2	>100x	>100x	>100x
Net debt/ND+E (%)	39.0	42.5	20.8	64.4	56.8
Net debt/EBITDA (x)	1.3	1.6	0.4	1.2	1.0

Key Ratios

	2018A	2019A	2020E	2021E	2022E
Return on assets (%)	6.9	4.7	6.4	7.1	7.8
Return on equity (%)	17.9	12.9	12.1	33.0	33.8
Return on funds employed (%)	n/a	n/a	n/a	n/a	n/a
EBITDA margin (%)	19.4	16.2	20.5	21.0	20.9
EBIT margin (%)	9.8	6.4	9.5	10.4	10.9
Capex to sales (%)	14.7	14.2	13.1	10.8	10.3
Capex to depreciation (%)	154	145	180	155	156
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	64	92	106	89	75

Operating Performance

	2018A	2019A	2020E	2021E	2022E
Available Seat Km (ASK)					
Domestic	6,905	7,104	6,997	7,032	7,138
Tasman and Pacific	12,964	13,640	13,708	13,708	14,119
Long-haul	24,406	25,285	26,170	26,693	28,295
Total	44,275	46,029	46,876	47,434	49,552
Change (%)	5.0	4.0	1.8	1.2	4.5

RASK (cents per ASK)

	2018A	2019A	2020E	2021E	2022E
Domestic	22.0	22.5	23.9	23.9	24.3
Tasman and Pacific	9.6	9.6	9.5	9.5	9.7
Long-haul	7.9	8.1	7.9	8.1	8.3
Total	10.6	10.8	10.8	10.8	11.0

Costs

	2018A	2019A	2020E	2021E	2022E
Ave. jet fuel price (US\$/bbl)	68.6	82.0	75.5	72.0	77.0
Fuel supply chain (US\$/bbl)	10.0	11.4	11.0	11.0	11.0
Jet fuel cost (US\$/bbl)	78.6	93.4	86.5	83.0	88.0
Jet fuel volume (bbl in millions)	9.0	9.1	9.4	9.5	9.8
Ave. NZDUSD rate	0.72	0.67	0.65	0.66	0.67
Jet fuel (NZ\$m)	987	1,271	1,251	1,202	1,292
Unit fuel (cents/ASK)	2.2	2.8	2.7	2.5	2.6
CASK ex-fuel/forex (cents/ASK)	7.2	7.4	7.4	7.5	7.5

There's only one story in town

Air New Zealand (AIR) reported a subdued 1H20 result reflecting cargo market weakness and lower demand on its Hong Kong services – no surprises in light of the guidance update earlier this week. PBT (profit before tax) declined -9% to NZ\$198m. AIR retains an 11c fully imputed interim dividend. New CEO Greg Foran's initial commentary highlights his ongoing 100 day review (a diagnostic of the airline's opportunities and risks). He says "it is clear that we need to remain vigilant at this part of the economic cycle and continuously deliver the high-quality standard of service our customers expect from us, while improving our financial performance".

Figure 1. First half result summary (NZ\$m)

	1H19	1H20	Change	Forbar
Sales revenue	2,927	3,015	3.0%	2,963
EBITDRA	609	615	1.0%	622
Underlying PBT	217	198	-8.7%	202
Reported NPAT	150	101	-32.6%	145
Underlying NPAT	156	144	-7.7%	145
Underlying diluted	13.7	12.7	-7.7%	12.8
EPS (c)				
Interim DPS (c)	11.0	11.0	0.0%	11.0

Source: Forsyth Barr analysis

Figure 2. Revenue breakdown (NZ\$m)

	1H19	1H20	Change
Domestic	807	851	5.5%
Tasman & Pacific Islands	697	688	-1.2%
International	994	1,038	4.4%
Passenger revenue	2,497	2,576	3.2%
Cargo	213	195	-8.5%
Contract and other	217	244	12.4%
Total revenue	2,927	3,015	3.0%

Source: Forsyth Barr analysis

We lower our target price to NZ\$2.50 from NZ\$2.60 to reflect the impact of lower demand on near term earnings and cashflows. We expect the coronavirus outbreak to continue to have an impact on sentiment towards AIR and in light of our expectation that newsflow gets worse before it gets better, we see near term risk to AIR's share price. However, further declines may create buying opportunities given the prospect of a strong post-containment recovery. On a 12 month view we remain NEUTRAL.

Figure 3. AIR vs Qantas – one year forward PE



Source: Eikon, Forsyth Barr analysis

Figure 4. Near term earnings are a key driver of AIR's share price



Source: Eikon, Forsyth Barr analysis

Earnings revisions

We downgrade our FY20 PBT forecasts consistent with the new company guidance range of NZ\$300m–NZ\$350m. Our FY21 forecast assumes some coronavirus hangover into 1H21 with related fuel cost benefits, but a recovery in 2H21. Albeit, we recognise the near term earnings outlook is more uncertain than normal.

Figure 5. Earnings revisions (NZ\$m)

	FY20E			FY21E			FY22E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Group RASK growth	-0.3%	0.0%	31 bps	0.7%	0.6%	-7 bps	1.5%	1.3%	-16 bps
Group ASK growth	5.1%	1.8%	-329 bps	3.1%	1.2%	-187 bps	2.8%	4.5%	168 bps
Total fuel cost (ex forex hedging)	1,340	1,251	(89)	1,367	1,202	(165)	1,359	1,292	(67)
Sales revenue	6,033	5,913	-2%	6,250	6,013	-4%	6,492	6,341	-2%
Underlying PBT	409	326	-20%	465	389	-16%	480	460	-4%
Underlying NPAT	301	235	-22%	341	280	-18%	345	331	-4%
Underlying EPS (cents)	26.5	20.8	-22%	30.0	24.8	-17%	30.6	29.4	-4%
DPS (cents)	22.0	22.0	0%	22.0	22.0	0%	22.0	22.0	0%

Source: Forsyth Barr analysis

Key issues from the result

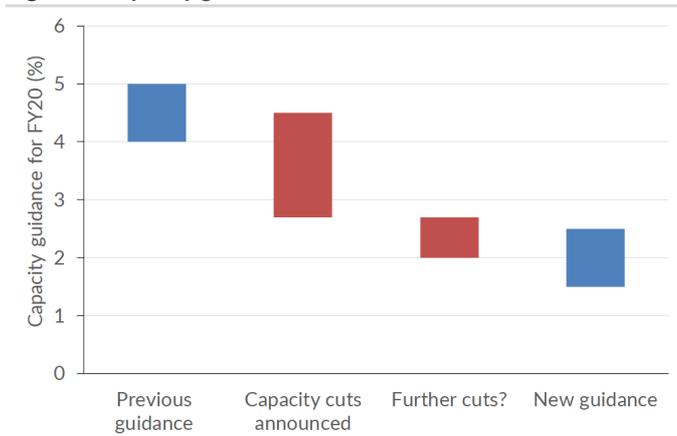
(1) Uncertain outlook; capacity guidance cut

The coronavirus outbreak has created a huge amount of uncertainty on AIR's near term demand outlook. The situation is evolving quickly and therefore it is extremely difficult for the company and investors to forecast demand for the foreseeable future. We make several observations as follows:

- The number of confirmed cases outside of China continues to rise. The overall situation is likely to get worse before it gets better.
- The impact on global aviation demand is, therefore, likely to continue to deteriorate leading to more capacity cuts, particularly if the virus remains difficult to contain. FY21 earnings could be impacted as well. We think this is increasingly likely.
- The worse case scenario would see the virus manifest itself in New Zealand and/or Australia during our upcoming winter.
- AIR's capacity guidance for 2H20 assumes no further cuts to capacity than those already announced.
- Competitors are behaving more rationally (i.e. cutting capacity quicker) than they have done historically. This will better protect yields.
- The global aviation industry tends to recover quickly after black swan events.

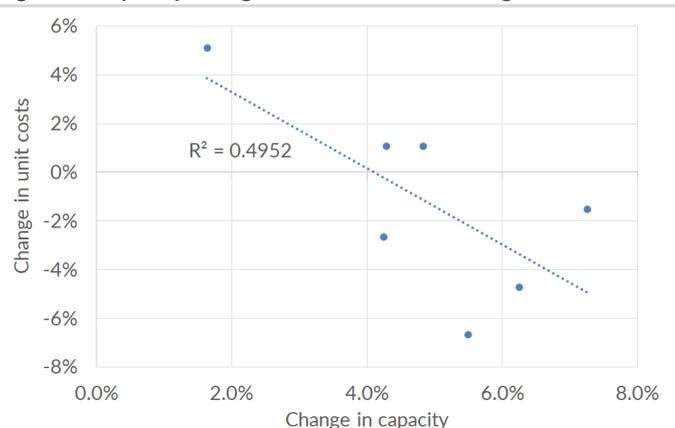
Based on flight schedule data, we estimate AIR's reductions in capacity on its Asia, Tasman and domestic sectors represent ~1.8% of annual capacity. With the capacity guidance mid-point falling by -2.5%, we deduce it only expects to make relatively modest schedule cuts in the coming weeks. Therefore, we see downside risk to both the capacity and earnings guidance. Moreover, we believe the risk to FY21 demand and earnings forecasts are to the downside. We assume AIR's capacity growth is subdued in 1H21 before recovering in 2H21.

Figure 6. Capacity guidance



Source: AIR, Forsyth Barr analysis

Figure 7. Capacity changes drive unit costs to large extent



Source: Forsyth Barr analysis NOTE: 1H17 to 1H20

(2) Unit cost reductions reliant on scale economies

Unit cost control remains a key strength. AIR has successfully offset inflationary pressures in recent years, due largely to scale benefits from capacity expansion. After adjusting for third party maintenance (more than offset by higher third party maintenance revenues), fuel and forex, costs per available seat km (CASK) declined during the period by -0.5%. This was helped by early benefits of AIR's ~NZ\$60m cost out programme (target review of operations cost base, ~5% reduction in overheads, and removal of Rolls Royce engine issue related inefficiencies) and a +2.8% lift in capacity during the period. With a deceleration of capacity growth through 2H20 and downside risk to current guidance, the unit cost backdrop for the next six months will be increasingly reliant on the cost initiative programme.

(3) Strategy review by mid-year

New CEO Greg Foran outlined in the investor call that he was conducting a strategy review focussing on key areas including: route network, sustainability agenda, loyalty proposition, digital ambition, profitability and, importantly, our culture. He has assembled a cross-functional team across the business (i.e. networks, commercial, customer and operations) which will conclude mid-year.

In light of his previous experience and successes at Woolworths in Australia and Walmart in the US, we expect some reinvestment in AIR's three P's – product, people and price. The latter in particular is relevant politically in New Zealand, not least during election year, in light of the +8% increase in domestic RASK (revenue per available seat km) in 1H20.

Result analysis

Figure 8. 1H20 result summary

	1H19	1H20	Change	Comments
Profit and loss account				
Sales revenue	2,927	3,015	3.0%	Passenger revenue up +2.8% ex forex, cargo -9.4%
EBITDRA	609	615	1.0%	
Rentals	(122)	0	-100.0%	IFRS 16 means lease expenses are now included with depreciation and interest
Depreciation and amortisation	(272)	(412)	51.5%	Includes NZ\$111m of operating lease related depreciation
Interest expense	(17)	(28)	64.7%	Includes NZ\$14m of operating lease related interest
Associates	19	23	21.1%	Increased volume growth in Christchurch Engine Centre JV
PBT	217	198	-8.7%	New FY20 guidance range of NZ\$300m–NZ\$350m
Taxation	(61)	(54)	-11.3%	
Underlying NPAT	156	144	-7.7%	
Abnormals (post tax)	(6)	(43)	n/a	The dis-establishment of fair value hedges (NZ\$46m) and reorganisation costs (NZ\$13m)
Reported NPAT	150	101	-32.6%	
Underlying EPS (cents)	13.9	12.8	-7.7%	1,123m shares on issue
Interim DPS (cents)	11.0	11.0	0.0%	Fully imputed
Cashflow				
Operating cashflow	475	534	12.4%	Reduction in cash earnings offset by strong working capital cash flow
Maintenance capex = depreciation	(272)	(301)	10.7%	Forecast investment of \$NZ1.9bn in aircraft through to 2023
Disposals	5	7	40.0%	
Free cash flow	208	240	15.4%	
(Acquisitions)/divestments	0	42	n/a	
Key statistics				
Revenue per ASK (RASK) growth by segment				
Domestic	4.0%	7.7%	n/a	Strong growth following weak 2H19 and capacity cuts
Tasman & Pacific Islands	-1.5%	-1.9%	n/a	Strong RASK growth in Pacific Islands (ex Samoa), more than offset by Tasman
Long haul	3.9%	-0.9%	n/a	Hong Kong softness offsets gains in other markets
Total RASK	2.3%	0.3%	n/a	
Total ASK growth	4.3%	2.8%	n/a	Guidance for FY20 is +1.5% to +2.5%
Passenger revenue	6.8%	3.2%	n/a	Softer period of revenue growth than in recent years
Non-pax revenue growth				
Cargo	12.7%	-8.5%	n/a	Volume down -8.1% and yield down -1.3%
Contract services	10.8%	27.2%	n/a	Material increase in third party maintenance work
Other services	4.2%	1.6%	n/a	
Total revenue	7.3%	3.0%	n/a	
Cost per ASK growth by segment (cents)				
Labour	2.91	2.87	-1.5%	Rate and activity increases partially offset by lower incentive payments
Fuel at hedged price translated at prevailing forex rate	2.81	2.76	-1.7%	Cost of fuel increased +1.1% to NZ\$656m
Maintenance	0.84	0.94	12.9%	Fleet growth and increased costs for third party contracts
Aircraft operations	1.49	1.51	0.9%	Capacity growth driven
Passenger services	0.69	0.72	3.9%	
Sales & Marketing	0.77	0.73	-5.0%	Lower marketing costs relative to the prior year
Forex hedging	(0.13)	(0.10)	-22.9%	
Other	0.65	0.67	3.1%	
Pre-abnormals	10.04	10.11	0.7%	Reported CASK excluding fuel, forex and third party maintenance down -0.5%

Source: AIR, 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 softer demand backdrop than in recent years, given weaker cyclical conditions and the coronavirus outbreak, will likely dampen the near term earnings outlook. However, a stable and relatively secure dividend offers share price support.

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 cashflow 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.
- **Passenger demand:** Rising demand both domestically and from offshore markets is supportive to yields and load factors. However, demand is cyclical and subject to external shocks/influences.
- **Cost control:** Management believes cost control measures can more than offset inflationary pressures to lower CASK (cost per available seat km).

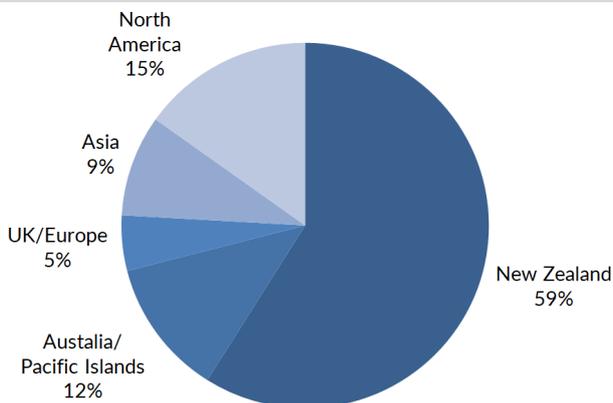
Financial structure

- **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.

Risk factors

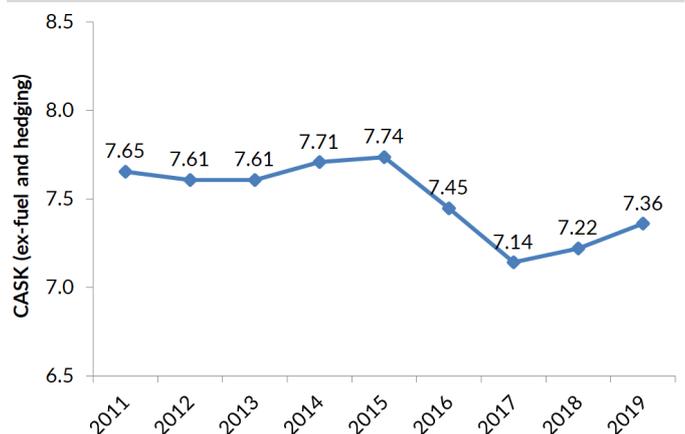
- **Left field events:** Disease outbreak (for example coronavirus), volcanic ash clouds, terrorism events.
- **Macro:** Volatility in exchange rates and global oil prices can have a dramatic impact on profitability.
- **Safety:** Any blip on AIR’s good safety record could impact passenger confidence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

Figure 9. Geographic revenue mix in FY19



Source: Forsyth Barr analysis

Figure 10. Cost per ASK under control (cents per ASK)



Source: Forsyth Barr analysis

Figure 11. Price performance


Source: Forsyth Barr analysis

Figure 12. Substantial shareholders

Shareholder	Latest Holding
NZ Govt	52.5%

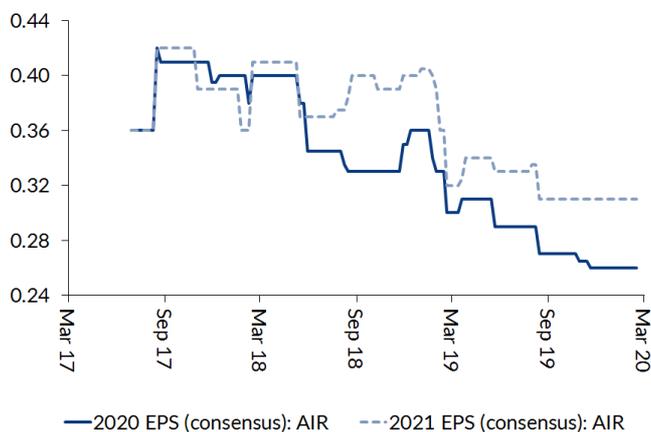
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 13. International valuation comparisons

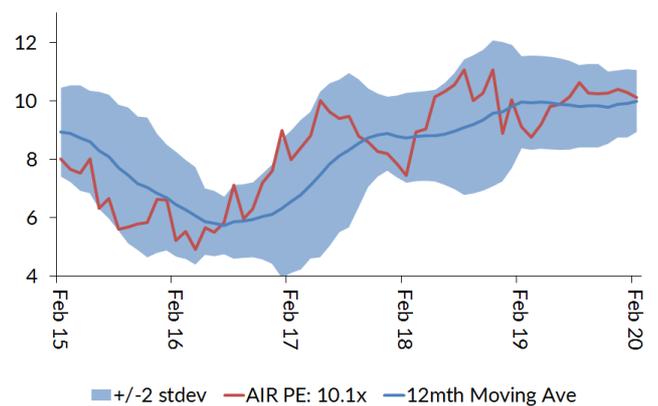
Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 2021E
				2020E	2021E	2020E	2021E	2020E	2021E	
Air New Zealand	AIR NZ	NZ\$2.37	NZ\$2,662	11.4x	9.5x	3.5x	3.3x	7.5x	6.7x	9.3%
DEUTSCHE LUFTHANSA-REG	LHA GY	€13.06	€6,245	4.5x	3.8x	2.6x	2.4x	5.9x	5.3x	6.7%
AIR FRANCE-KLM	AF FP	€7.95	€3,408	8.6x	4.8x	2.5x	2.3x	9.1x	7.4x	0.1%
SINGAPORE AIRLINES	SIA SP	S\$8.40	S\$9,955	18.7x	15.5x	6.2x	5.7x	20.5x	17.7x	3.5%
CATHAY PACIFIC AIRWAYS	293 HK	HK\$10.18	HK\$40,047	25.9x	19.8x	7.1x	6.6x	56.9x	46.2x	2.6%
QANTAS AIRWAYS	QAN AT	A\$5.72	A\$8,527	11.2x	8.7x	4.2x	3.9x	10.2x	8.9x	4.9%
VIRGIN AUSTRALIA HOLDINGS LT	VAH AT	A\$0.13	A\$1,056	<0x	<0x	7.5x	6.2x	24.7x	14.3x	n/a
AMERICAN AIRLINES GROUP INC	AAL US	US\$22.74	US\$9,686	5.2x	4.2x	6.1x	6.6x	12.3x	11.0x	1.8%
UNITED AIRLINES HOLDINGS INC	UAL US	US\$67.99	US\$17,204	5.6x	5.1x	4.7x	4.5x	7.5x	7.1x	0.0%
Compcpo Average:				11.4x	8.9x	5.1x	4.8x	18.4x	14.7x	2.8%
AIR Relative:				-0%	8%	-32%	-30%	-59%	-54%	232%

EV = Current Market Cap + Actual Net Debt

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

Figure 14. Consensus EPS momentum (NZ\$)


Source: Forsyth Barr analysis

Figure 15. One year forward PE (x)


Source: Forsyth Barr analysis

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