

# Arvida Group

## FY20 Result — Ahead of the Curve

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### OUTPERFORM

Arvida Group (ARV) has reported a strong FY20 result that highlighted a sharp lift in development activity and sales volumes, the successful integration of large-scale acquisitions and the maintenance of a well performing care operation in the face of considerable challenges with COVID-19. ARV has not provided FY21 guidance given the near-term uncertainties but it is targeting to build at a similar rate in FY21/22 to the 210 units in 2020. We have not made material changes to our already re-based forecasts, however, the environment is recovering faster than assumed. OUTPERFORM.

NZX Code	ARV	Financials: Mar/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$1.39	NPAT* (NZ\$m)	51.7	39.2	56.3	73.9	EV/EBITDA	15.8	19.9	15.0	11.5
Target price	NZ\$1.82	EPS* (NZc)	10.2	7.2	10.4	13.6	EV/EBIT	17.4	23.7	17.1	12.9
Risk rating	Medium	EPS growth* (%)	9.9	-29.4	43.9	31.1	PE	13.6	19.2	13.4	10.2
Issued shares	541.9m	DPS (NZc)	5.8	4.0	5.7	7.5	Price / NTA	1.0	0.8	0.8	0.8
Market cap	NZ\$753m	Imputation (%)	80	80	80	80	Cash div yld (%)	4.2	2.9	4.1	5.4
Avg daily turnover	576.4k (NZ\$837k)	*Based on normalised profits					Gross div yld (%)	5.5	3.7	5.4	7.1

### No surprises in FY20 numbers

ARV has produced an FY20 result in line with our expectations with underlying profit of NZ\$51.7m, up +34% (Forbar NZ\$52.8m). The result is in line or slightly below our forecasts in most areas, with realised gains on new sales and resales at NZ\$39.3m (up +46%) a key driver. The 4Q20 dividend has been declared at 1.45cps, bringing the total dividend for FY20 to 5.80cps, +8% up on FY19.

### COVID-19 impacting and too early for FY21 guidance

During lockdown construction activities at all sites were closed and new sales of occupation rights halted. The underlying business is continuing to perform well, despite the near-term impacts of COVID-19 on the cost base and sales activity. ARV has not provided FY21 financial guidance and it has advised of a lower than previously forecast build rate in line with FY20 levels of ~200 units. Guidance will be provided once the earnings impact of COVID-19 is better understood and once ARV has a clearer picture of when previous levels of sales activity will be restored. We expect demand to remain robust for ARV's needs-based offer, but the likely weaker housing market will cause settlement times to increase.

### Remain with an OUTPERFORM rating

In our research note dated 6 April we reduced near-term earnings based on a scenario that assumes very soft conditions for unit sales and development over the next six months, and then a recovery over the following 24 months. We believe the risk is to the upside for these forecasts, but have not made any material changes. We remain confident of the integrated needs-based business model for ARV.

**Arvida Group Limited (ARV)**

Priced as at 26 May 2020 (NZ\$)

**1.39**
**12-month target price (NZ\$)\***
**1.82**

Expected share price return	30.9%
Net dividend yield	3.1%
Estimated 12-month return	34.0%

**Spot valuations (NZ\$)**

1. DCF	1.73
2. n/a	n/a
3. n/a	n/a

**Key WACC assumptions**

Risk free rate	2.00%
Equity beta	0.85
WACC	7.2%
Terminal growth	1.5%

**DCF valuation summary (NZ\$m)**

Total firm value	1,244.7
(Net debt)/cash	(309.0)
Less: Capitalised operating leases	0
Value of equity	935.7

<b>Profit and Loss Account (NZ\$m)</b>	2019A	2020A	2021E	2022E	2023E	<b>Valuation Ratios</b>	2019A	2020A	2021E	2022E	2023E
Sales revenue	179.4	203.0	203.0	229.0	262.1	EV/EBITDA (x)	18.3	15.8	19.9	15.0	11.5
<b>Normalised EBITDA</b>	<b>49.5</b>	<b>63.3</b>	<b>54.6</b>	<b>74.7</b>	<b>97.1</b>	EV/EBIT (x)	20.4	17.4	23.7	17.1	12.9
Depreciation and amortisation	(5.0)	(5.8)	(8.7)	(9.5)	(10.4)	PE (x)	14.9	13.6	19.2	13.4	10.2
<b>Normalised EBIT</b>	<b>44.5</b>	<b>57.5</b>	<b>45.9</b>	<b>65.2</b>	<b>86.7</b>	Price/NTA (x)	1.0	1.0	0.8	0.8	0.8
Net interest	(3.6)	(4.1)	(4.7)	(5.3)	(6.5)	Free cash flow yield (%)	9.2	13.7	15.2	16.8	21.0
Associate income	0	0	0	0	0	Net dividend yield (%)	3.8	4.2	2.9	4.1	5.4
Tax	(2.3)	(1.8)	(2.1)	(3.6)	(6.4)	Gross dividend yield (%)	5.0	5.5	3.7	5.4	7.1
Minority interests	0	0	0	0	0						
<b>Normalised NPAT</b>	<b>38.6</b>	<b>51.7</b>	<b>39.2</b>	<b>56.3</b>	<b>73.9</b>	<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Abnormals/other	20.5	(9.1)	0	0	0	Interest cover EBIT (x)	12.3	14.1	9.8	12.4	13.4
<b>Reported NPAT</b>	<b>59.1</b>	<b>42.6</b>	<b>39.2</b>	<b>56.3</b>	<b>73.9</b>	Interest cover EBITDA (x)	13.7	15.6	11.6	14.2	15.0
Normalised EPS (cps)	9.3	10.2	7.2	10.4	13.6	Net debt/ND+E (%)	25.2	29.9	28.4	29.7	32.2
DPS (cps)	5.4	5.8	4.0	5.7	7.5	Net debt/EBITDA (x)	3.7	4.9	6.7	5.2	4.4
<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021A</b>	<b>2022A</b>	<b>2023A</b>	<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	17.9	13.2	0.0	12.8	14.5	Return on assets (%)	3.4	3.0	2.2	2.9	3.5
EBITDA (%)	12.9	27.9	-13.7	36.6	30.0	Return on equity (%)	7.0	7.2	4.3	6.2	8.3
EBIT (%)	12.4	29.4	-20.2	41.9	33.1	Return on funds employed (%)	6.0	6.2	11.4	10.1	13.1
Normalised NPAT (%)	16.6	34.0	-24.2	43.9	31.1	EBITDA margin (%)	27.6	31.2	26.9	32.6	37.0
Normalised EPS (%)	4.6	9.9	-29.4	43.9	31.1	EBIT margin (%)	24.8	28.4	22.6	28.5	33.1
Ordinary DPS (%)	6.8	8.4	-31.5	43.9	31.1	Capex to sales (%)	0.0	0.0	4.3	4.1	7.3
						Capex to depreciation (%)	0	0	100	100	185
<b>Cash Flow (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	Imputation (%)	80	80	80	80	80
<b>EBITDA</b>	<b>49.5</b>	<b>63.3</b>	<b>54.6</b>	<b>74.7</b>	<b>97.1</b>	Pay-out ratio (%)	57	57	55	55	55
Working capital change	26.7	45.0	75.5	69.8	93.5						
Interest & tax paid	(7.1)	(5.5)	(6.8)	(8.8)	(12.9)	<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Other	0	0	0	0	0	<b>Revenue (NZ\$m)*</b>					
<b>Operating cash flow</b>	<b>69.1</b>	<b>102.9</b>	<b>123.4</b>	<b>135.7</b>	<b>177.7</b>	Care fees	125.6	129.5	137.2	143.4	150.8
Capital expenditure	0	0	(8.7)	(9.5)	(19.1)	Management fees	21.4	29.0	35.5	35.1	43.9
(Acquisitions)/divestments	(113.0)	(334.4)	(149.3)	(116.3)	(155.4)	Other	5.4	5.1	5.6	5.9	6.2
Other	0.0	(3.5)	0	0	0	Invest. property (total gains)	27.0	39.3	24.7	44.7	61.2
<b>Funding available/(required)</b>	<b>(43.9)</b>	<b>(235.0)</b>	<b>(34.7)</b>	<b>9.9</b>	<b>3.1</b>	<b>Total revenue</b>	<b>179.5</b>	<b>203.0</b>	<b>203.0</b>	<b>229.0</b>	<b>262.1</b>
Dividends paid	(22.7)	(29.6)	(21.5)	(31.0)	(40.6)						
Equity raised/(returned)	0	141.7	0	0	0	<b>Key Drivers</b>					
<b>(Increase)/decrease in net debt</b>	<b>(66.6)</b>	<b>(122.8)</b>	<b>(56.2)</b>	<b>(21.1)</b>	<b>(37.5)</b>	Sales - new units	70	126	80	140	190
						Ave unit price - new sales (NZ\$m)	0.63	0.76	0.89	0.93	0.95
<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	Sales - resold units	258	278	157	248	356
Working capital	(14)	(17)	(2)	(3)	(3)	Ave unit price - resales (NZ\$m)	0.34	0.38	0.37	0.38	0.38
Fixed assets	1,215	1,830	2,004	2,165	2,390	Ave resold unit price inflation (%)	8.8	11.7	(3.0)	3.0	1.0
Intangibles	54	36	36	36	36	Gross development margin (%)	18.0	18.0	18.5	20.0	19.0
Right of use asset	0	0	0	0	0	Gross resales margin (%)	22.4	22.6	20.0	20.0	20.0
Other assets	19	26	26	26	26						
<b>Total funds employed</b>	<b>1,273</b>	<b>1,875</b>	<b>2,063</b>	<b>2,224</b>	<b>2,449</b>	<b>Development and acquisitions:</b>					
Net debt/(cash)	185	308	364	386	423	New units/care suites built	113	209	120	170	250
Lease liability	0	0	0	0	0	New beds built	0	0	0	0	60
Other liabilities	538	844	778	927	1,134	Acquisitions - beds			0	0	0
Shareholder's funds	550	723	920	912	892	Acquisitions - units	0	326	0	0	0
Minority interests	0	0	0	0	0	<b>Apartments/units</b>	<b>1,955</b>	<b>2,490</b>	<b>2,610</b>	<b>2,780</b>	<b>3,030</b>
<b>Total funding sources</b>	<b>1,273</b>	<b>1,875</b>	<b>2,063</b>	<b>2,224</b>	<b>2,449</b>	<b>Beds</b>	<b>1,722</b>	<b>1,722</b>	<b>1,722</b>	<b>1,722</b>	<b>1,782</b>

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

## FY20 result – key points of interest

### In line with forecasts – a strong year of delivery confirmed in FY20

As expected ARV had a strong FY20 with a sharp lift in new sales activity reflecting the increased recent lift in the build rate, a solid increase in resales volumes as the business expands, and the successful integration of acquisitions. Underlying profit was up +34% to NZ\$51.7m and up +10% in terms of underlying EPS, which was impacted by new shares on issue following equity issuance during the period.

Care revenue was only up +1% and was impacted by the decommissioning of a care facility ahead of redevelopment. Care margins deteriorated with total operating costs for the business up +7.5% and impacted by cost pressures in aged care. Weekly fees and deferred management fees increased by +25% and +35% respectively, reflecting the expansion in the business via both development and acquisitions. Realised gains from new sales and resales were up +46% and were driven by a lift in volumes and pricing.

Operating cash flow was up a strong +49% to NZ\$103m, reflecting growth in all areas but in particular new sales. The 4Q20 dividend is 1.45cps, which brings the FY20 dividend to 5.8cps, up +8% and is a 61% payout of underlying profit. The record date is 3 June and payment is on 11 June.

**Figure 1. FY20 result summary (NZ\$m)**

12 months ending 31 March	FY19	FY20	% chg	Forbar
Revenue				
Care fees	125.6	129.5	3.1%	132.8
Management fees + other	21.4	29.0	35.4%	29.1
Other	5.4	5.1	-5.2%	6.0
Realised resales and new sales gains	27.0	39.3	45.6%	39.5
Total revenue	179.5	203.0	13.1%	207.3
Total costs	(129.9)	(139.6)	7.5%	(140.5)
Total EBITDA	49.5	63.3	27.9%	66.9
Depreciation	(5.0)	(5.8)	14.9%	(6.1)
EBIT	44.5	57.5	29.4%	60.7
Net interest	(3.6)	(4.1)	12.3%	(4.3)
EBT	40.9	53.5	30.9%	56.5
Tax	(2.3)	(1.8)	-21.7%	(3.7)
Normalised or underlying profit	38.6	51.7	34.0%	52.8
Unrealised value movement	22.1	(17.2)	-177.8%	
Tax (deferred) + other	(1.6)	8.1		
Reported profit (NZ IFRS)	59.1	42.6	-27.9%	
Operating cash flow	69.1	102.9	48.9%	106.6
EPS (cps)	9.3	10.2	9.9%	10.5
DPS (cps)	5.4	5.8	8.4%	6.0
NAV	1.38	1.33	-3.6%	

Source: Forsyth Barr analysis, Company reports

### Solid balance sheet – NAV down slightly

Gearing increased to 30% but is at the midpoint of ARV's target gearing range. There was only a modest portfolio revaluation of NZ \$22m with new developments and pricing increases offset by more conservative growth and discount rates assumed by valuers for the near term. This, combined with the share issuance in the period, resulted in the NAV falling -4% to NZ\$1.33.

**Figure 2. Balance sheet summary (NZ\$m)**

As at 31 March	FY19	FY20	% chg
Total Assets	1,273	1,875	47.3%
Net Debt	185	308	66.2%
Shareholders Equity	549.7	722.6	31.4%
NAV	\$1.38	\$1.33	-3.6%
Net Debt / (Net Debt + Equity)	25%	30%	18.5%

Source: Forsyth Barr analysis, Company reports

### New sales gains a highlight

The main impact of COVID-19 arriving late in the period, in addition to increased care costs, was a stalling in sales activity over the last two weeks of March. However, new sales were still up +80% in FY20, reflecting strong demand and a near doubling of the build rate to 210 units in FY20. Resales volumes were up a solid +8%, and there was a lift in new sales pricing of +21% and resales pricing of +12%. The total realised gains from development sales and resales was NZ\$39.3m as detailed in Figure 3. Up +46% and close to expectations.

**Figure 3. Sales of occupation right agreements (ORAs)**

12 months ending 31 March	FY19	FY20	% chg	Forbar
Sales - new units	70	126	80.0%	120
Average unit price - new sales (NZ\$000s)	632.9	762.7	20.5%	742.0
Gross development margin (%)	18%	18%	0.0%	19.0%
Sales - resold units	258	278	7.8%	273
Average unit price - resales (NZ\$000s)	337.6	377.0	11.7%	374.7
Gross resales margin (%)	22%	23%	1.0%	21.4%
New sales gains (NZ\$m)	7.5	15.6	108.0%	17.6
Resales gains (NZ\$m)	19.5	23.7	21.5%	21.9
Realised fair value movement of investment properties (NZ\$m)	27.0	39.3	45.6%	39.5

Source: Forsyth Barr analysis, Company reports

### Aged care challenges continue, but a key to ARV's needs based model

Care margins eroded in the period and this was not helped by the increased operating costs associated with the response to COVID-19. To date there has only been a partial offset from increased government funding. However, ARV noted that it now has 80% of its care facilities with the highest level of certification (four years) and occupancy at 95% remains well above the sector average.

### Development pipeline and build rates

In FY20 ARV delivered 210 units (ahead of 200 unit guidance provided post the Sanderson village acquisition) with 95 units delivered in March, just as lockdown commenced. New units were delivered across 11 sites nationally with Park Lane, Auckland and Waimea Plains, Richmond making up 49 and 38 units respectively.

ARV has a significant development pipeline of ~1,700 units and care suites all at various development stages across its brownfield and greenfield sites and continues to look for additional greenfield sites. ARV is targeting to build 220 units/beds in FY21 and 200+ from FY22 (previous build rate guidance for FY21 and beyond was a target delivery of 250+ units annually). ARV's revised delivery guidance for FY21 and FY22 acknowledges a wide range of factors that could impact delivery timeframes and may result in slightly lower build rates and project deferrals including; (1) additional COVID-19 shutdowns, (2) disruption to supply chains, and (3) a potentially slowing residential housing market. These factors will be closely monitored to ensure the supply of new units doesn't exceed projected demand and underpins a more flexible approach to the approval of new development stages, with initial priorities being the completion of current developments. FY21 delivery includes the completion of two key projects which will represent the first of its next generation care suite product at Aria Bay (59 care units) and Copper Crest (29 serviced apartments and 55 care units).

**Figure 4. Recent development and indicative near-term build activity**

	FY19A	FY20A	FY21E	FY22+
<b>Independent Units and Serviced Apartments</b>				
Kerikeri- villas				279
Copper Crest - villas	27		29	2
Bethlehem country club - villas		6	15	
Bethlehem Shores - villas		9	7	175
Queenstown Country Club - villas		15	15	251
Glenbrae - villas		10	8	8
Oakwoods				31
Aria Park				95
Aria Bay	25			57
Cascades				130
Park Lane - SAs	29	49		
Rhodes on Cashmere	18	8		
St Albans - SAs		25		25
Lauriston - villas		12		96
Lansdowne				50
Mary Doyle - villas	14	14	7	
Village at the Park - SAs		24		
Village at the Park - villas				25
Waimea Plains, Richmond - villas		38	25	197
<b>Total units</b>	<b>113</b>	<b>210</b>	<b>106</b>	<b>1421</b>
<b>Care suites</b>				
Aria Bay			59	
Rhodes on Cashmere				42
St Albans				
Copper Crest			55	
<b>Total Care Suites</b>	<b>0</b>	<b>0</b>	<b>114</b>	<b>42</b>
<b>Total units and beds</b>	<b>113</b>	<b>210</b>	<b>220</b>	<b>1463</b>

Source: Forsyth Barr analysis, Company reports

## Only minor changes to forecasts

In our most recent research note on 6 April we reduced near-term ARV earnings based on a scenario that assumes very soft conditions for sales of retirement units over the next six months and no development activity, and then a recovery over the following 18 to 24 months. We believe there is upside risk to these forecasts, however, we have not at this point made any material changes to our assumptions. We remain confident of the long term integrated needs-based business model for ARV and its financial strength. However, significant uncertainties remain with regard to the operating environment and economic recovery. Near-term earnings forecasts have been boosted by lower forecast interest and tax costs.

On the back of our forecast changes and updating our forecasts for this result, our target price has lifted +5% to NZ\$1.82. We remain with an OUTPERFORM rating.

**Figure 5. Forecast changes (NZ\$m)**

	2021E			2022E			2023E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	207.4	203.0	-2.1%	233.0	229.0	-1.7%	266.4	262.1	-1.6%
Realised new sales gains	12.8	13.2	2.8%	25.3	26.0	2.8%	33.2	34.2	2.8%
Realised resales gains	11.4	11.5	0.6%	18.6	18.7	0.6%	27.2	27.1	-0.4%
EBITDA	53.7	54.6	1.7%	73.2	74.7	2.0%	95.3	97.1	1.9%
Underlying profit	37.9	39.2	3.4%	54.3	56.3	3.7%	70.8	73.9	4.3%
EPS (cps)	7.0	7.2	3.4%	10.0	10.4	3.7%	13.1	13.6	4.3%
DPS (cps)	3.8	4.0	3.4%	5.5	5.7	3.7%	7.2	7.5	4.3%

Source: Forsyth Barr analysis, Company reports

## Investment Summary

Arvida Group (ARV) provides exposure to the positive industry dynamics at play for retirement and aged care sector operators centred on a rapidly aging population. ARV has future growth prospects focussed on brownfield expansion and the acquisition of care-focussed retirement facilities. A strong needs-based portfolio gives ARV a defensive earnings profile. **OUTPERFORM.**

### Business quality

- **A market leader:** ARV is a market leader in aged care with consistently high occupancy rates and the majority of its aged care facilities being four-year Ministry of Health certified the highest rating achievable.
- **Defensive income streams:** ARV has a strong focus on continuum of care with over 60% of its portfolio needs-based. Care fees are supported by government subsidies and the growing demand for aged care services.

### Earnings and cashflow outlook

- **Unique acquisition strategy:** With ARV now having a significant land bank we expect its focus will be more on the existing opportunities within its portfolio and additional greenfield developments, although further acquisition opportunities will be considered.
- **Brownfield development:** ARV has over 1,700 units, care suites and beds in its pipeline including over 300 underway.
- **Recycling capital:** The occupational right agreement (ORA) structure allows ARV to self-fund development and recycle capital into new developments.

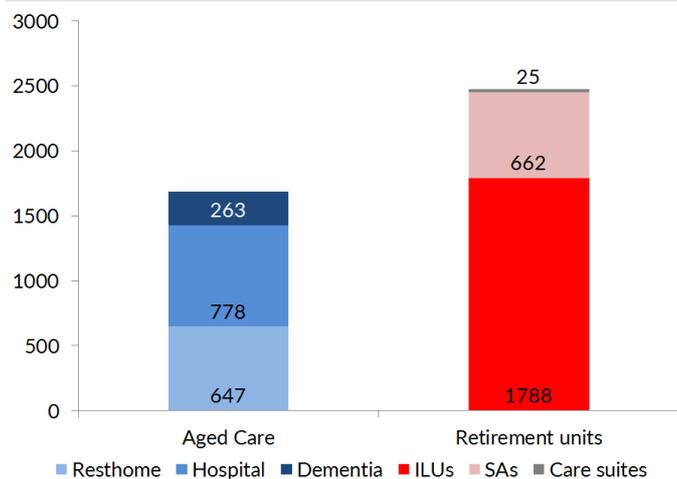
### Financial structure

- **Defensive income streams:** ARV has a strong focus on continuum of care with over 60% of its portfolio needs-based. Care fees are supported by government subsidies and the growing demand for aged care services.
- **Balance sheet robust:** ARV's gearing at ~30% remains at comfortable levels, providing ample room to work through its development pipeline.

### Risk factors

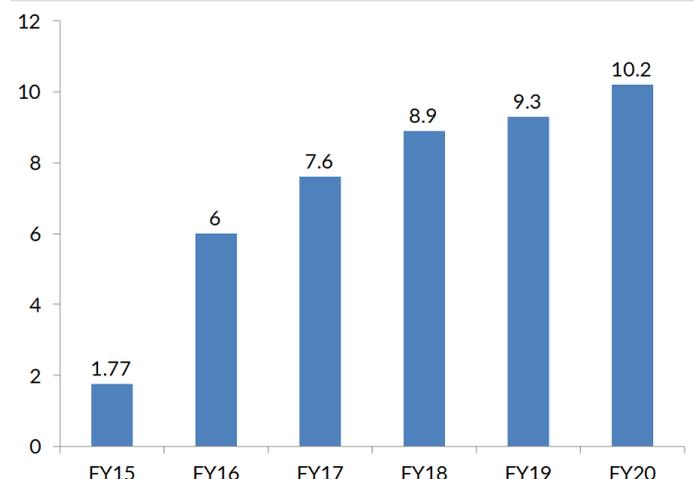
- **Care occupancy:** Competition with quality beds and a focus on home-based support are providing headwinds for near-term occupancy, while cost pressures are building. ARV's 95% occupancy is strong compared to the sectors ~89%.
- **Retirement unit oversupply:** The significant industry pipeline poses the threat of short-term oversupply, offset by a likely shortage of quality beds longer term.
- **Economic slowdown:** This typically leads to housing market uncertainty.

Figure 6. ARV portfolio as at 31 March 2020

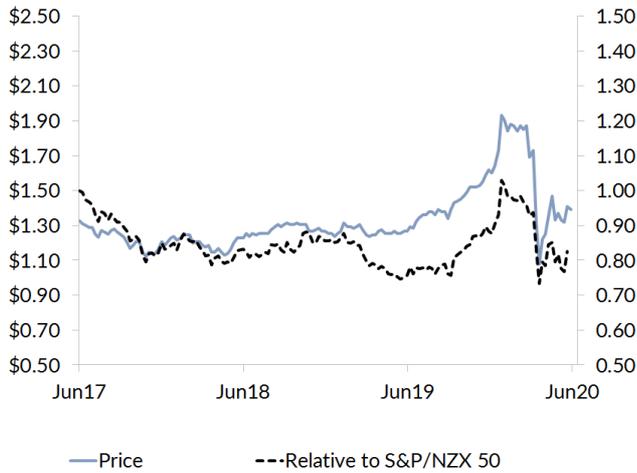


Source: Forsyth Barr analysis, Company reports

Figure 7. ARV eps trajectory



Source: Forsyth Barr analysis, Company reports

**Figure 8. Price performance**


Source: Forsyth Barr analysis

**Figure 9. Substantial shareholders**

Shareholder	Latest Holding
Forsyth Barr Investment Management	9.4%
Generate Investment Management	5.1%

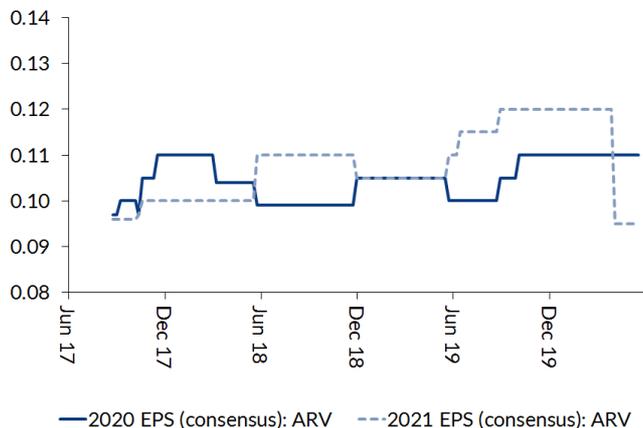
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

**Figure 10. International valuation comparisons**

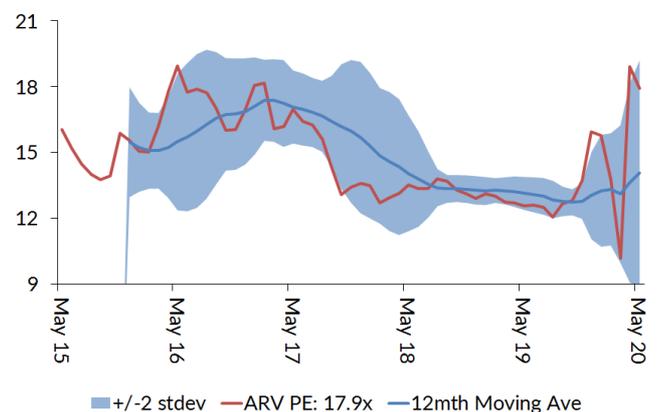
Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld
				2021E	2022E	2021E	2022E	2021E	2022E	
Arvida Group Limited	ARV NZ	NZ\$1.39	NZ\$753	19.2x	13.4x	19.4x	14.2x	23.1x	16.3x	4.1%
Ryman Healthcare *	RYM NZ	NZ\$12.37	NZ\$6,185	25.6x	39.8x	25.8x	36.5x	28.6x	42.2x	1.3%
Summerset Group *	SUM NZ	NZ\$6.00	NZ\$1,368	30.8x	19.1x	27.8x	19.6x	31.5x	21.5x	1.8%
Metlifecare *	MET NZ	NZ\$4.32	NZ\$921	13.1x	11.4x	15.1x	13.3x	16.4x	14.4x	1.8%
Oceania Healthcare *	OCA NZ	NZ\$0.82	NZ\$504	12.5x	10.1x	13.6x	11.4x	17.0x	13.7x	5.5%
REGIS HEALTHCARE	REG AT	A\$1.53	A\$460	23.3x	19.7x	7.0x	6.6x	11.2x	10.5x	4.4%
JAPARA HEALTHCARE	JHC AT	A\$0.54	A\$143	19.7x	14.8x	8.3x	7.4x	19.7x	16.6x	7.0%
ESTIA HEALTH	EHE AT	A\$1.42	A\$371	15.1x	12.8x	7.0x	5.5x	12.2x	9.4x	7.8%
<b>Compcop Average:</b>				<b>20.0x</b>	<b>18.2x</b>	<b>15.0x</b>	<b>14.3x</b>	<b>19.5x</b>	<b>18.3x</b>	<b>4.2%</b>
<b>ARV Relative:</b>				<b>-4%</b>	<b>-27%</b>	<b>30%</b>	<b>-1%</b>	<b>18%</b>	<b>-11%</b>	<b>-3%</b>

EV = Current Market Cap + Actual Net Debt

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

**Figure 11. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis

**Figure 12. One year forward PE (x)**


Source: Forsyth Barr analysis

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