

# The a2 Milk Company

## Proprietary Channel Checking in China

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### OUTPERFORM

We recently conducted the second iteration of our proprietary consumer survey (with 101 responses) to gain further insights into consumer sentiment, current behaviour and views from end customers on the ground in China. Our findings provide confidence that The a2 Milk Company's (ATM) brand and associated attributes (particularly NZ sourced) are ranking well with Chinese consumers. It also reinforced the runway of opportunity still available. The last 12 months have been challenging for ATM, with the magnitude (and pace of change) of recent earnings pressure surprising us and materially denting market confidence. This is amplified by opaque channels to market and high reliance on one market (China), with very limited visibility (including for management). The path forward is unlikely to be smooth and it will take time to rebuild market confidence. That aside, our channel checks most importantly continue to reinforce positive brand health metrics and end consumer demand.

NZX Code	ATM	Financials: Jun/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$10.91	NPAT* (NZ\$m)	385.8	265.0	335.1	420.0	PE	20.9	30.5	24.1	19.2
Target price	NZ\$15.50	EPS* (NZc)	52.1	35.8	45.3	56.7	EV/EBIT	13.1	18.5	14.5	11.6
Risk rating	High	EPS growth* (%)	34.4	-31.3	26.4	25.4	EV/EBITDA	13.0	18.2	14.1	11.3
Issued shares	736.5m	DPS (NZc)	0.0	0.0	0.0	17.0	Price / NTA	7.2	5.9	4.7	3.9
Market cap	NZ\$8,035m	Imputation (%)	100	100	100	100	Cash div yld (%)	0.0	0.0	0.0	1.6
Avg daily turnover	844.3k (NZ\$13,855k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	2.2

### Three key takeaways from our proprietary consumer survey

- **Strong perception and ranking for ATM:** a2 ranked brand #4 in our survey on brand choice (it was brand #5 amongst our respondents in October 2020), supported by a #3 rank for quality perception. There was no material change in perception of a2 in recent months across our survey respondents. China is a large market and all our recent channel checks continue to reinforce material runway still available to build brand awareness (a2 awareness of 41% in our survey). While advertising is not seen as a key driver of purchase, a2 advertising awareness was also low.
- **Consumer view that the daigou channel will recover, but unlikely to pre-COVID levels.** Only one respondent was of the view the channel never recovers. This, and other recent channel checks, broadly aligns with our view and ATM forecasts — we assume a gradual recovery in the daigou channel (as pricing/inventory normalises, freight rates ease and borders eventually re-open), albeit to 70% of pre-COVID levels by FY24E.
- **Foreign, particularly New Zealand, ranking well.** New Zealand remains the highest ranked country with respect to quality perception (by a wide margin) for Infant Formula (IF). Foreign brand preference was material, led by high quality/safety perception. While the majority of consumers once again signalled no change in foreign brand confidence, 20% did signal a change, with the majority of these respondents attributing it to COVID-19 (67%, or 6% of total respondents).

### Other notable points of interest

- Of active IF consumers, 15% in our survey regularly use daigou (still), while another 19% have changed away from daigou for a range of reasons. Online channels are the most common replacement.
- Category proving resilient; 85% of respondents said they would not change their IF brand of choice if their income declined.
- Main resistance to buying a2 was price (~19% of respondents).
- Purchase drivers and behaviours were largely as expected, and stable relative to our last survey. IF purchases are primarily influenced by recommendations; with brand, reputation and formula the key attributes prioritised.

## The a2 Milk Company (ATM)

Priced as at 10 Feb 2021 (NZ\$) **10.91**

<b>12-month target price (NZ\$)*</b>	<b>15.50</b>
Expected share price return	42.1%
Net dividend yield	0.0%
Estimated 12-month return	42.1%

<b>Spot valuations (NZ\$)</b>	
1. DCF	14.16
2. Peer multiple	15.22
n/a	n/a

<b>Key WACC assumptions</b>	
Risk free rate	1.30%
Equity beta	0.95
WACC	7.8%
Terminal growth	1.5%

<b>DCF valuation summary (NZ\$m)</b>	
Total firm value	9,698
(Net debt)/cash	854
Less: Capitalised operating leases	(17)
Value of equity	10,535

<b>Profit and Loss Account (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Sales revenue	1,300.8	1,731.1	1,433.9	1,697.6	1,995.7
<b>Normalised EBITDA</b>	<b>413.6</b>	<b>549.7</b>	<b>378.2</b>	<b>480.6</b>	<b>603.2</b>
Depreciation and amortisation	(2.2)	(4.4)	(7.3)	(11.6)	(15.5)
<b>Normalised EBIT</b>	<b>411.4</b>	<b>545.3</b>	<b>370.9</b>	<b>469.0</b>	<b>587.7</b>
Net interest	4.3	5.7	7.6	9.5	12.2
Associate income	0	0	0	0	0
Tax	(128.0)	(165.2)	(113.5)	(143.5)	(179.9)
Minority interests	0	0	0	0	0
<b>Normalised NPAT</b>	<b>287.7</b>	<b>385.8</b>	<b>265.0</b>	<b>335.1</b>	<b>420.0</b>
Abnormals/other	0	0	0	0	0
<b>Reported NPAT</b>	<b>287.7</b>	<b>385.8</b>	<b>265.0</b>	<b>335.1</b>	<b>420.0</b>
Normalised EPS (cps)	38.8	52.1	35.8	45.3	56.7
DPS (cps)	0	0	0	0	17.0

<b>Valuation Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EV/EBITDA (x)	17.9	12.9	18.2	14.1	11.3
EV/EBIT (x)	18.0	13.0	18.5	14.5	11.6
PE (x)	28.1	20.9	30.5	24.1	19.2
Price/NTA (x)	10.3	7.2	5.9	4.7	3.9
Free cash flow yield (%)	3.6	5.2	2.2	3.7	4.7
Net dividend yield (%)	0.0	0.0	0.0	0.0	1.6
Gross dividend yield (%)	0.0	0.0	0.0	0.0	2.2

<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	41.0	33.1	-17.2	18.4	17.6
EBITDA (%)	46.1	32.9	-31.2	27.1	25.5
EBIT (%)	46.5	32.5	-32.0	26.5	25.3
Normalised NPAT (%)	47.0	34.1	-31.3	26.4	25.4
Normalised EPS (%)	47.4	34.4	-31.3	26.4	25.4
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Interest cover EBIT (x)	n/a	n/a	n/a	n/a	n/a
Interest cover EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Net debt/ND+E (%)	-143.9	-305.2	-258.6	-300.5	-338.6
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a

<b>Cash Flow (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>EBITDA</b>	<b>413.6</b>	<b>549.7</b>	<b>378.2</b>	<b>480.6</b>	<b>603.2</b>
Working capital change	(6.5)	33.6	(65.8)	(2.6)	(10.4)
Interest & tax paid	(129.6)	(192.2)	(105.9)	(134.0)	(167.7)
Other	11.6	35.9	0	0	0
<b>Operating cash flow</b>	<b>289.1</b>	<b>427.0</b>	<b>206.5</b>	<b>344.1</b>	<b>425.2</b>
Capital expenditure	(3.4)	(7.2)	(29.0)	(50.0)	(50.0)
(Acquisitions)/divestments	(162.3)	(21.9)	(21.0)	0	0
Other	0	(3.6)	(3.5)	(3.7)	(3.8)
<b>Funding available/(required)</b>	<b>123.4</b>	<b>394.3</b>	<b>153.0</b>	<b>290.4</b>	<b>371.3</b>
Dividends paid	0	0	0	0	(50.1)
Equity raised/(returned)	2.9	2.4	0	0	0
<b>(Increase)/decrease in net debt</b>	<b>126.3</b>	<b>396.8</b>	<b>153.0</b>	<b>290.4</b>	<b>321.2</b>

<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Return on assets (%)	40.9	37.5	22.9	23.6	24.6
Return on equity (%)	36.5	34.0	18.9	19.3	20.0
Return on funds employed (%)	106.3	127.2	78.2	80.5	91.0
EBITDA margin (%)	31.8	31.8	26.4	28.3	30.2
EBIT margin (%)	31.6	31.5	25.9	27.6	29.4
Capex to sales (%)	0.3	0.4	2.0	2.9	2.5
Capex to depreciation (%)	155	164	397	431	323
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	0	0	0	0	30

<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Working capital	50.6	(7.6)	55.5	60.5	73.7
Fixed assets	10.3	14.2	37.4	78.2	115.2
Intangibles	13.0	13.6	35.5	35.3	35.1
Right of use asset	0	16.1	16.3	16.4	16.6
Other assets	294.5	280.8	280.8	280.8	280.8
<b>Total funds employed</b>	<b>368.4</b>	<b>317.2</b>	<b>425.4</b>	<b>471.2</b>	<b>521.4</b>
Net debt/(cash)	(464.8)	(854.2)	(1,008.9)	(1,301.2)	(1,624.3)
Lease liability	0	16.8	17.5	18.1	18.7
Other liabilities	45.4	20.5	17.7	20.2	23.0
Shareholder's funds	787.9	1,134.1	1,399.1	1,734.1	2,104.0
Minority interests	0	0	0	0	0
<b>Total funding sources</b>	<b>368.4</b>	<b>317.2</b>	<b>425.4</b>	<b>471.2</b>	<b>521.4</b>

<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>Revenue (breakdown by product)</b>					
IF - ANZ (primarily daigou)	653	745	333	367	458
IF - CBEC	243	341	298	323	348
Total English Label	896	1,086	631	690	806
IF - China Label	168	338	485	645	778
Total Infant Formula	1,064	1,424	1,116	1,336	1,584
Total Fresh Milk	171	222	237	275	316
Other	66	85	80	87	95
<b>Total revenue</b>	<b>1,301</b>	<b>1,731</b>	<b>1,434</b>	<b>1,697</b>	<b>1,995</b>

<b>Revenue growth (%)</b>					
IF - ANZ (primarily daigou)	35	14	(55)	10	25
IF - CBEC	54	40	(13)	8	8
IF - China Label	100	101	44	33	21
Total Infant Formula	47	34	(22)	20	19
Total Fresh Milk	20	30	7	16	15
Gross profit	713	969	769	925	1,097
Total SG&A expenses	(300)	(419)	(391)	(445)	(494)
incl marketing expenses	(134)	(194)	(182)	(209)	(239)
<b>Group EBITDA</b>	<b>414</b>	<b>550</b>	<b>378</b>	<b>481</b>	<b>603</b>
US - EBITDA losses	(44)	(51)	(42)	(37)	(28)
<b>EBITDA excluding US losses</b>	<b>457.6</b>	<b>600.2</b>	<b>420.3</b>	<b>517.4</b>	<b>631.2</b>

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

## Online consumer survey – key takeaways

In early February 2021 we conducted our second iteration of our proprietary online consumer survey via WeChat. The purpose of this is to better understand Chinese consumer preference and purchase habits for IMF and the IF category.

We used a combination of the questions asked in our previous survey (October 2020) while also integrating new questions concentrated on the daigou channel. 101 responses were received with a relatively broad mix of ages (mum and bub) and social demographics, albeit notable skew towards Tier 1 cities. While our sample size is in-line with our previous online survey, in this iteration we had a meaningfully lower level of active/aware IF users (~65% versus ~87% in October).

We recognise the clear limitations of drawing any definitive conclusions from a small sample size in a market as complex and fragmented as China. Nonetheless, we consider our sample relatively random given no pre-screening of the participants. Our methodology is unchanged vs our first survey to allow for some comparisons. For more detail of methodology, questions and sample breakdown please refer to Appendix 1.

### Three key takeaways in a snapshot

- Strong perception and ranking for IMF, with IMF over-indexing in brand choice vs awareness measures.
- Consumer view that the daigou channel will recover, but unlikely to pre-COVID levels.
- Foreign, particularly New Zealand, ranks highly.

Findings are consistent with our recent channel checks. This includes our various proprietary surveys in October 2020 – namely an online consumer survey, offline Mother & Baby store (MBS) visits and a meeting with MBS chain operator, Babemax – in conjunction with Forsyth Barr Asia given current travel restrictions.

### Output summarised

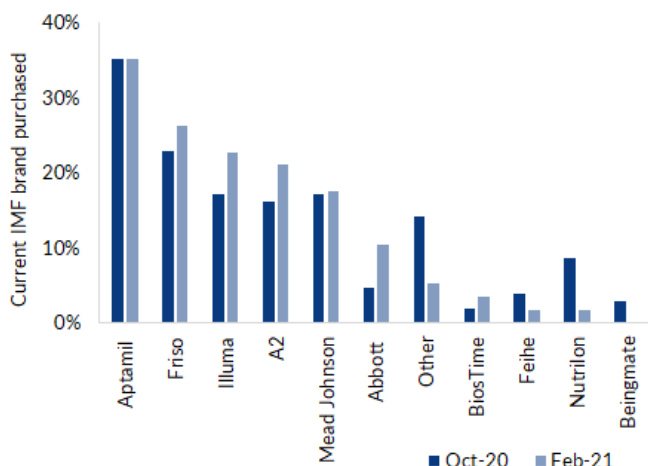
Our survey analysis is broken into seven chapters:

- How does a2 rank?
- Perception and source of origin. Refer page 4.
- Daigou channel behaviours and views – a new addition in this survey. Refer page 5.
- Understanding consumer behaviour. Refer page 6.
- Awareness and perception of a2. Refer page 7.
- Key channels used to purchase IF. Refer page 8.
- Purchase decision drivers. Refer page 8.

### How does a2 rank?

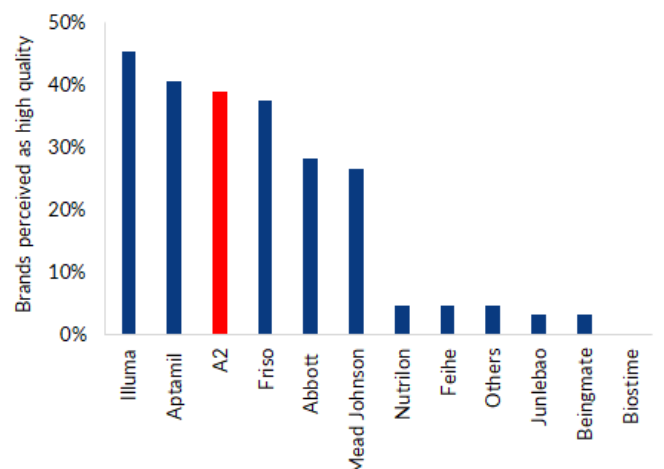
a2 ranked 4th in our survey on brand choice (versus 5th in October), and is ranked 3rd with respect to quality. There was no material change in perception of a2 across our survey respondents.

Figure 1. IMF performing well...



Source: Forsyth Barr analysis

Figure 2. ...supported by high quality perception



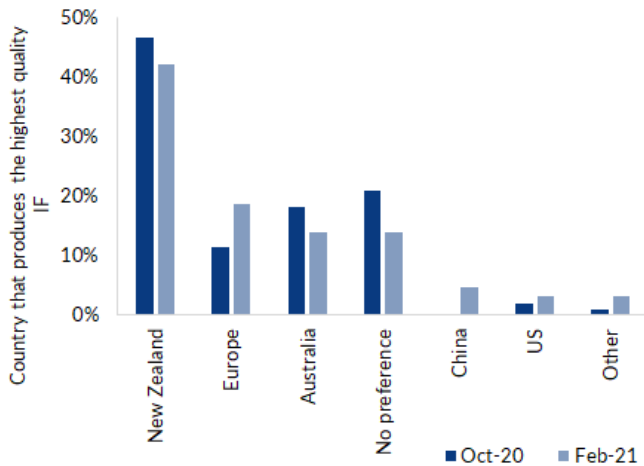
Source: Forsyth Barr analysis

## Perception and source of origin

Foreign brand preference remains high, driven by the trust and high quality associated with foreign product. New Zealand still tops the list (by a large margin) for quality perception.

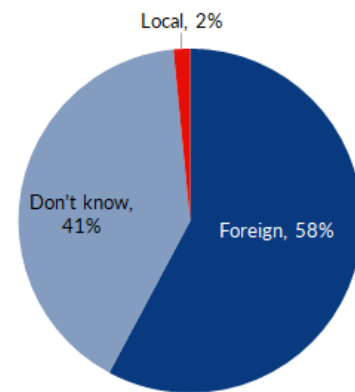
While the majority of consumers once again signalled no change in foreign brand confidence, there was a lift in responses signalling a change (20% of respondents vs 8% in the October survey). Of respondents noting a change in confidence for foreign IF, 67% attributed COVID-19 (6% of total respondents).

**Figure 3. NZ tops the list on IF quality perception**



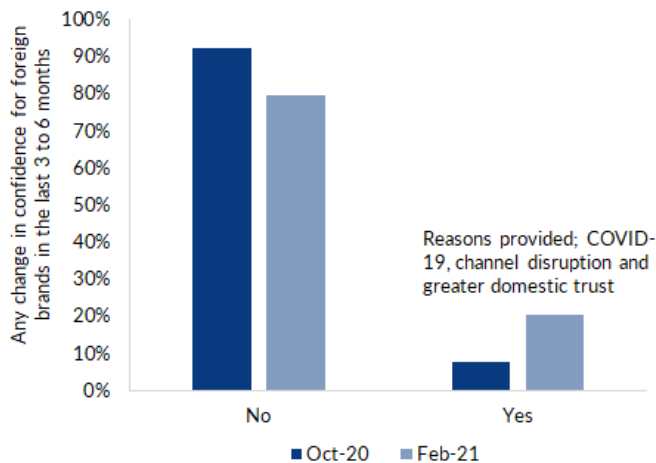
Source: Forsyth Barr analysis

**Figure 4. Foreign brand preference evident**



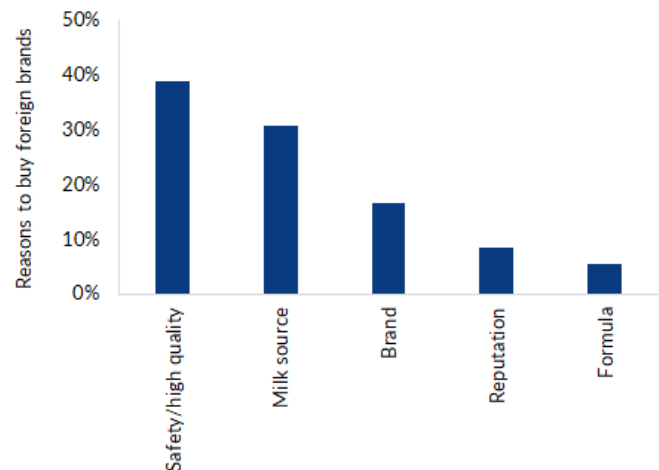
Source: Forsyth Barr analysis

**Figure 5. Any change in foreign brand confidence?**



Source: Forsyth Barr analysis

**Figure 6. Key drivers of foreign preference (led by quality)**



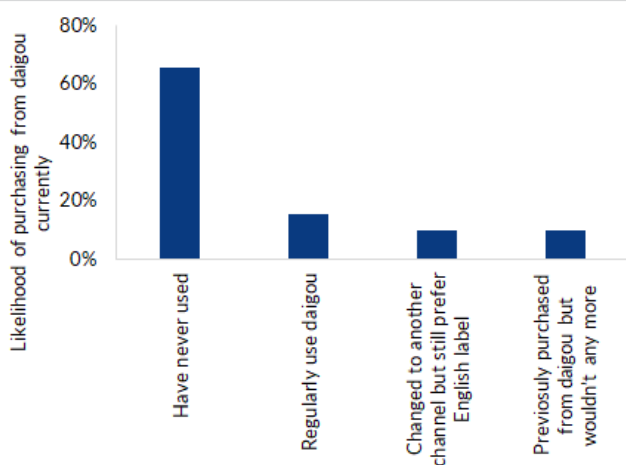
Source: Forsyth Barr analysis

## Daigou channel views and outlook

A lot has been written about the current daigou channel pressure for ATM and its competitors. In this survey we added a series of questions to understand consumer perception, their views on outlook and to gauge any notable behaviour change.

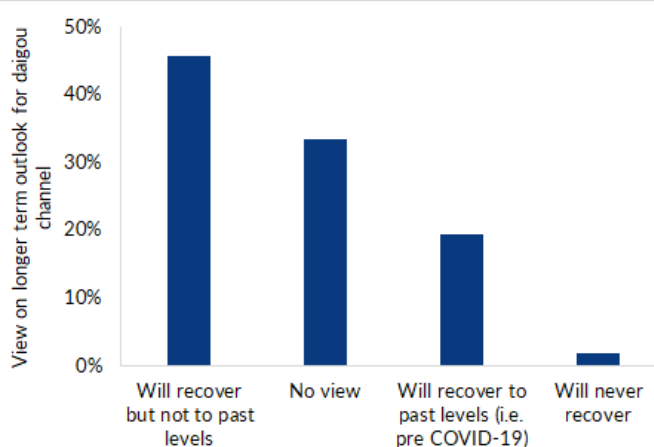
- **Channel outlook:** The majority of respondents (with a view) agree with our view the channel will recover, but not to past levels. For reference our base case in our ATM forecasts is a gradual recovery to 70% of FY20 levels by FY24E. This survey, combined with our various channel checks with industry commentators, continues to support the view that there remains a place for daigou and it will recover ("daigou never dies").
- **Purchase drivers and habits:** Mixed. To reignite the channel looks to require an array of factors – ranging from brand selection, innovation, improved shipping times, price and daigou returning to Australia. The majority are linked to COVID-19, and in theory temporary, however we do believe the channel is in need of some product and advertising innovation.
- **Alternative channels being used to daigou:** Our sample set of respondents was very small to this question, limiting the read through, however, it does show a majority have turned to online platforms, followed by offline stores.

Figure 7. Likelihood to purchase from daigou currently



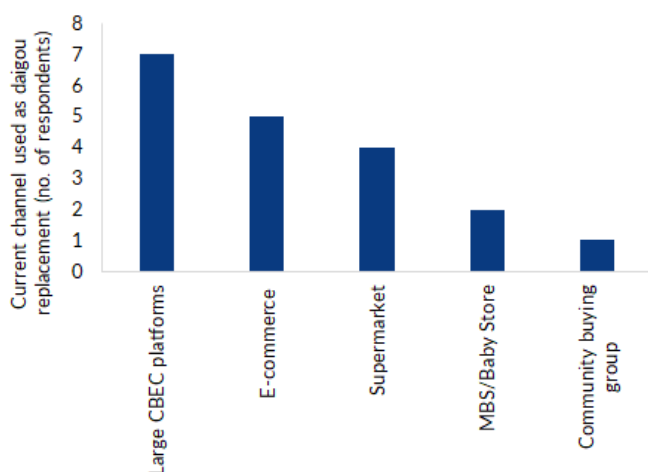
Source: Forsyth Barr analysis

Figure 8. View on the outlook for the daigou channel



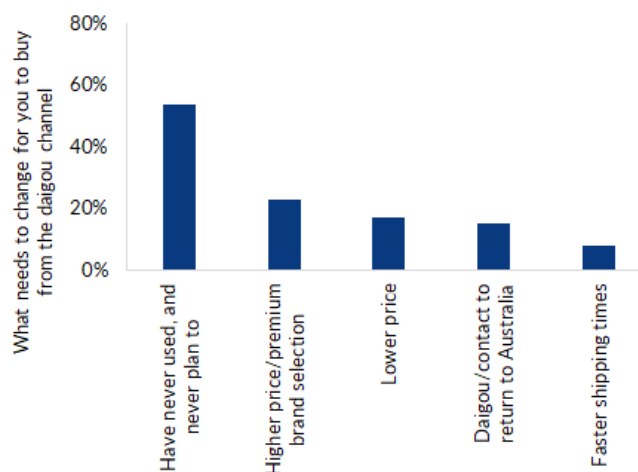
Source: Forsyth Barr analysis

Figure 9. Channels being used as a replacement to daigou\*



Source: Forsyth Barr analysis, \*NB: Sample size is particularly small, hence we have used number of respondents rather than percentages

Figure 10. What would encourage purchasing from daigou



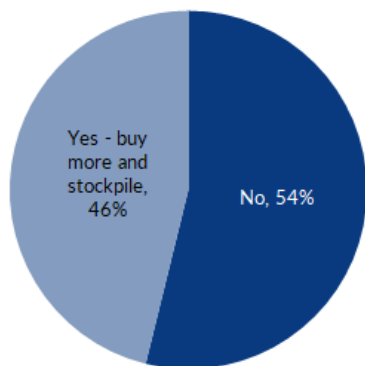
Source: Forsyth Barr analysis

## Understanding consumer behaviour

We included a range of questions around consumer behaviour, focussed on key questions from investors. Responses broadly reaffirmed our views, particularly the stickiness of brand and tenure of IF use.

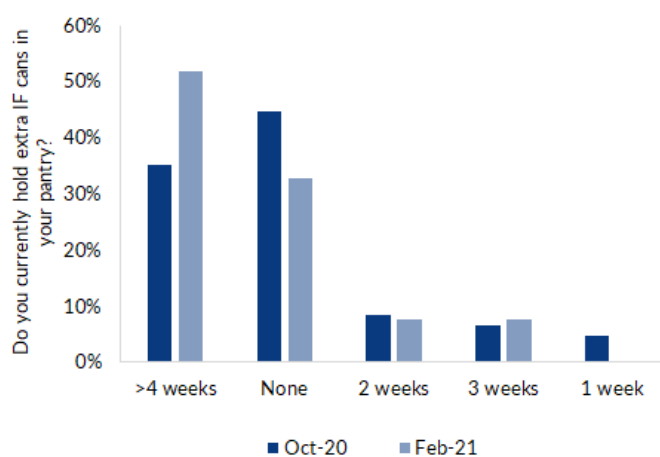
- **Price discounting:** Responses were fairly evenly split that price discounting had (1) no impact on purchase habits and (2) it resulted in buying more and stockpiling.
- **Impact of a decline in income:** Our scenario test – would you change IF brand if your income declined (COVID-19 or otherwise) – once again demonstrated the stickiness/resilience of the category, likely helped by the "six adults to one child" dynamic in some Chinese families.
- **Pantry stocking:** Answers were mixed, with the most common being '>4 weeks' and 'none'. Strong takeaways are still difficult for this question without a longer history or baseline for comparison.
- **Tenure of IF use:** Varied for our consumer sample, albeit it did demonstrate a longer life cycle for IF purchasing vs other global markets.

Figure 11. Do price discounts impact your purchasing habits?



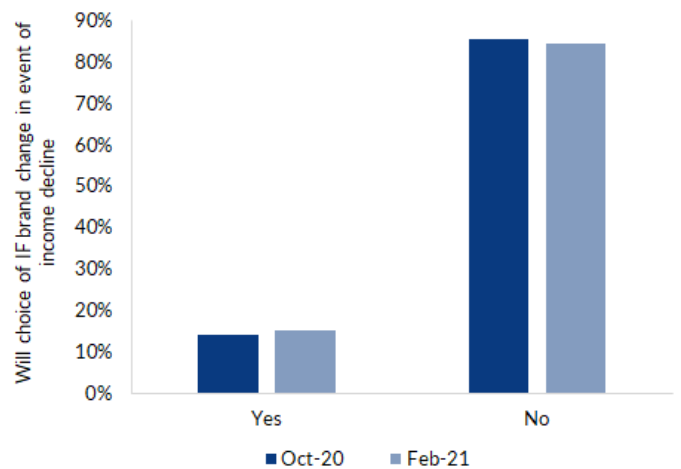
Source: Forsyth Barr analysis, NB: Other response options were provided with no respondents

Figure 13. Pantry stocking responses mixed



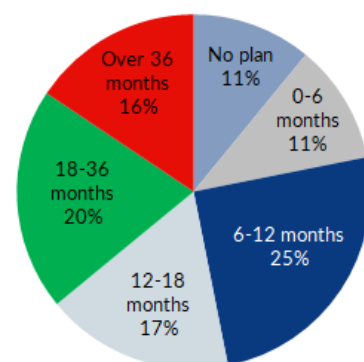
Source: Forsyth Barr analysis

Figure 12. Will you change IF brand if your income declined?



Source: Forsyth Barr analysis

Figure 14. How long do you plan to use IF for your baby?



Source: Forsyth Barr analysis

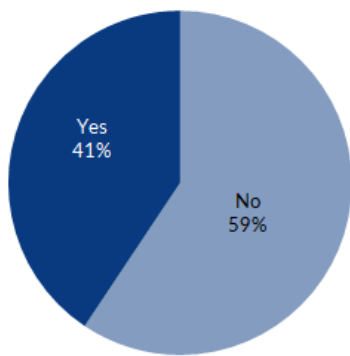
## Awareness and perception of a2

China is a very large market — the largest IF market in the world by some magnitude. Hence, somewhat unsurprisingly, there is a material untapped market for ATM with only ~40% of respondents aware of a2 in both iterations of our survey (despite the over-index of survey respondents to Tier 1 cities). Brand awareness and preference also outpaced recent advertising awareness for a2.

There was no discernable change to the perception of a2 in either of our surveys.

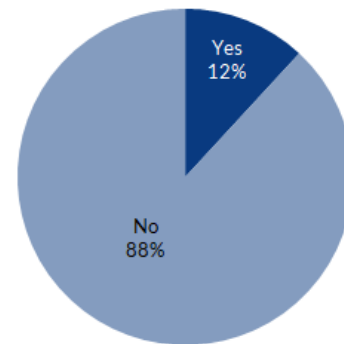
The key reasons noted for buying ATM was brand, milk source and reputation while the key deterrents were having not heard of the brand, formula, reputation and price.

**Figure 15. Awareness of a2 presents opportunities**



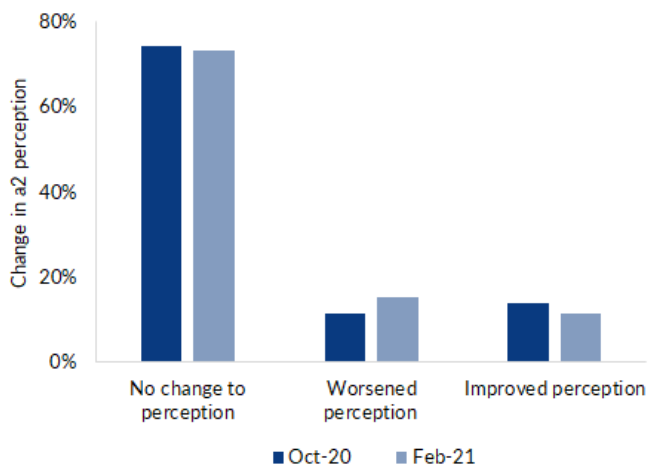
Source: Forsyth Barr analysis

**Figure 16. Heard/seen advertising from a2 in past three months**



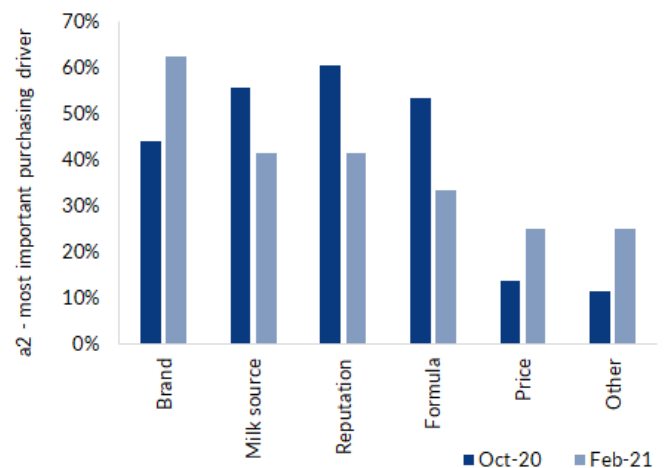
Source: Forsyth Barr analysis

**Figure 17. No material recent change evident in a2 perception**



Source: Forsyth Barr analysis

**Figure 18. Key purchase drivers for a2**

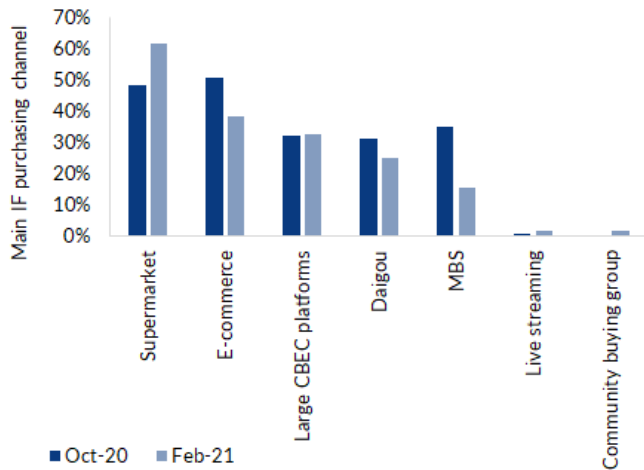


Source: Forsyth Barr analysis

## Key channels used to purchase IF

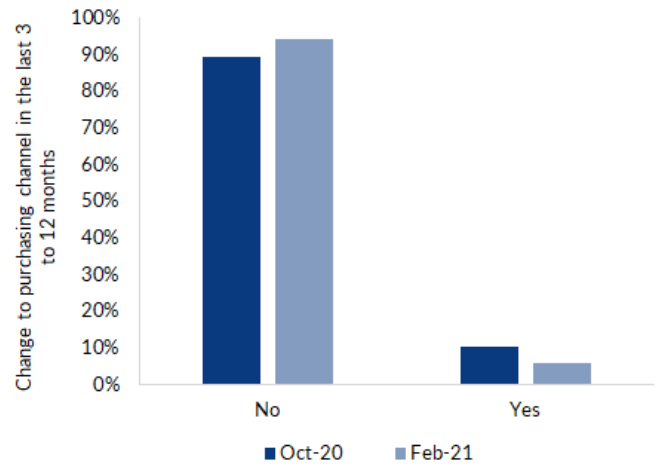
The main channels used by our survey respondents are offline and e-commerce — broadly consistent with the sales mix for the IF category. It also shows the wide range of channels to market. Channels have been surprisingly stable over recent months, with minimal changes reported by consumers in both of our surveys (<10%).

Figure 19. Predominant purchasing channel



Source: Forsyth Barr analysis

Figure 20. Any change in channel used over past 12 months?

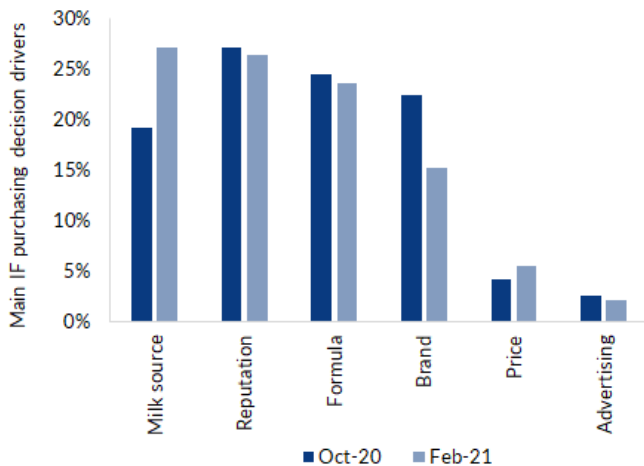


Source: Forsyth Barr analysis

## Purchase decision drivers

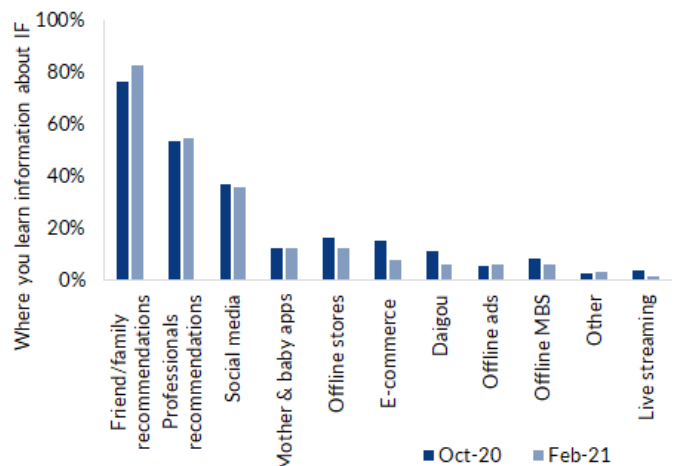
The main drivers of IF purchasing decisions are led by reputation, milk source, formula and brand. Advertising was the clear cut leader for the least important driver of IF purchasing. Unsurprisingly, recommendations from friends, family and professionals is a consistently high source of information across the majority of respondents.

Figure 21. Most important purchasing drivers for IF



Source: Forsyth Barr analysis

Figure 22. Recommendations are the key source of information



Source: Forsyth Barr analysis

## Appendix 1. Methodology and sample analysis

We have conducted the second iteration of our proprietary online consumer survey distributed on WeChat in February 2021, in conjunction with Forsyth Barr Asia. A total of 101 responses were collected across current and prospective parents in China.

### Key question areas

- Purchase drivers and influences
- Current purchase habits including channel, brand and pantry stock levels
- Foreign vs domestic sentiment
- Behaviour changes due to COVID-19 or under an economic slowdown/income reduction
- a2 specific questions focussed on penetration, advertising and reasons for/against buying
- **New addition:** Daigou channel perception and outlook

### Survey sample analysis of 101 respondents

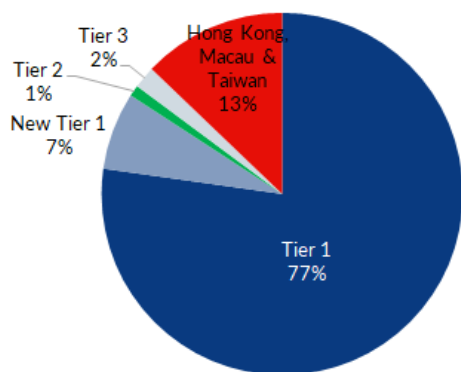
We had no influence on survey respondents, however, distribution through WeChat and Forsyth Barr Asia's network saw an over representation of Tier 1 and Hong Kong, Macau & Taiwan vs the Chinese population. The majority of respondents were still female (66%), while other variables saw a broad mix including income levels and baby's age (Figures 23 to 26).

#### February 2021 sample vs October 2020

The sample size and attributes were broadly consistent with our initial survey in October 2020, albeit there was a notable reduction in active IF consumers.

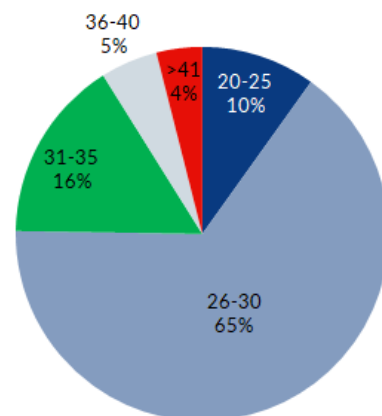
- **Sample size:** 101 respondents (vs 105 in October 2020)
- **Geographic mix:** Strongly weighted to Tier 1, at 77% (vs 58% in October 2020)
- **Key attributes of respondent:** Greater majority aged 26-30 at 65% (vs 48%), increased response from males at 34% (21% prior) and some changes in income mix
- **Respondents' baby:** The most notable difference was a meaningful reduction in active/aware IF users, to 65% (87% prior)

Figure 23. Geographic mix of respondents



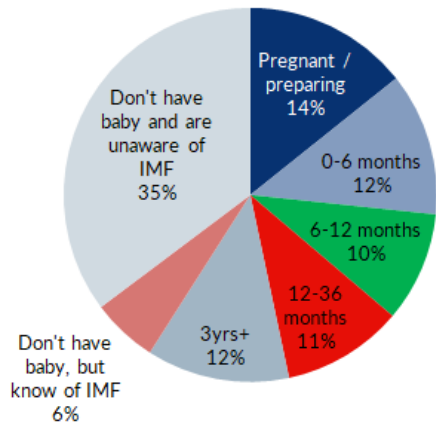
Source: Forsyth Barr analysis

Figure 24. Age of respondents



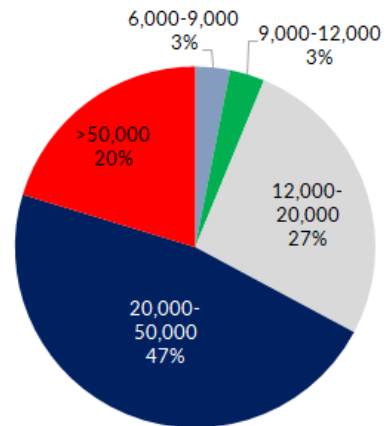
Source: Forsyth Barr analysis

Figure 25. Age of respondents' baby

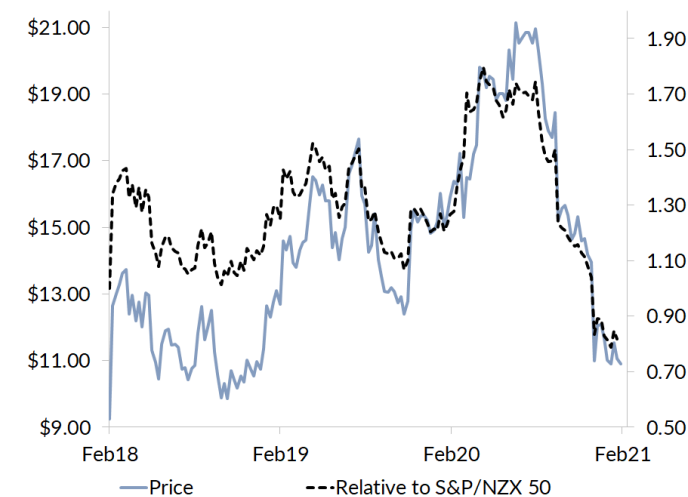


Source: Forsyth Barr analysis

Figure 26. Monthly income of respondents (RMB)



Source: Forsyth Barr analysis

**Figure 27. Price performance**


Source: Forsyth Barr analysis

**Figure 28. Substantial shareholders**

Shareholder	Latest Holding
Mitsubishi UFJ Financial Group	8.5%
The Vanguard Group	7.0%
Commonwealth Bank of Australia	6.3%
BlackRock Investment Management	6.2%
UBS	5.7%
Pendal Group Limited	5.2%

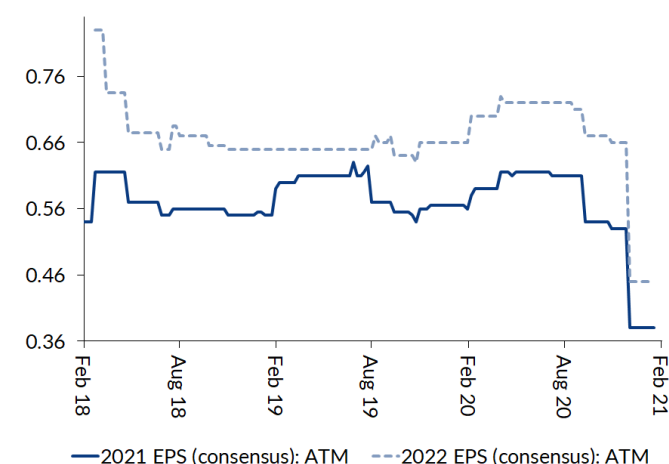
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 29. International valuation comparisons**

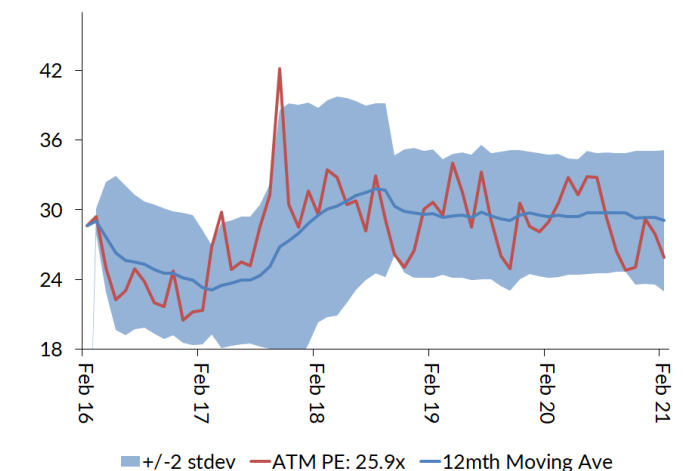
Company	Code	Price	Mkt Cap (m)	PE 2021E 2022E	EV/EBITDA 2021E 2022E	EV/EBIT 2021E 2022E	Cash Yld 2022E
(metrics re-weighted to reflect ATM's balance date - June)							
The a2 Milk Company	ATM NZ	NZ\$10.91	NZ\$8,035	30.5x 24.1x	19.0x 14.9x	19.4x 15.3x	0.0%
CHINA FEIHE	6186 HK	CNY23.55	CNY210,380	32.4x 25.7x	22.5x 17.9x	22.6x 17.9x	1.4%
SYNLAIT MILK *	SML NZ	NZ\$4.56	NZ\$997	20.4x 14.3x	11.4x 9.7x	18.3x 15.1x	0.0%
BLACKMORES	BKL AT	A\$76.30	A\$1,476	43.4x 30.0x	21.3x 16.9x	30.8x 21.4x	2.3%
HEALTH AND HAPPINESS H&H INT	1112 HK	CNY37.95	CNY24,459	19.7x 16.5x	11.6x 10.2x	12.6x 11.0x	3.4%
RECKITT BENCKISER GROUP PLC	RB/ LN	£61.60	£43,907	19.3x 18.8x	14.7x 14.4x	16.7x 16.4x	2.9%
AUSNUTRIA DAIRY CORP	1717 HK	CNY12.62	CNY21,656	17.4x 13.8x	12.4x 9.8x	14.4x 10.9x	2.6%
INNER MONGOLIA YILI INDUS-A	600887 CH	CNY45.72	CNY278,098	35.0x 29.9x	22.9x 19.5x	29.0x 25.1x	2.2%
DANONE	BN FP	€53.16	€36,501	16.2x 15.2x	11.3x 10.8x	14.8x 14.2x	4.1%
CHINA MENGNIU DAIRY CO	2319 HK	CNY47.55	CNY187,736	45.5x 33.3x	27.8x 21.4x	42.2x 29.7x	0.7%
Compco Average:				27.7x 21.9x	17.3x 14.5x	22.4x 18.0x	2.2%
ATM Relative:				10% 10%	10% 3%	-13% -15%	-100%

EV = Current Market Cap + Actual Net Debt

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

**Figure 30. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis

**Figure 31. One year forward PE (x)**


Source: Forsyth Barr analysis

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