

The a2 Milk Company

Proprietary Channel Checking in China

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We recently visited 40 Mother & Baby stores in China, interviewing sales reps & store managers, analysing a2 Platinum's shelf presence, pricing, marketing and digging into foreign vs local brand preferences. Travel restrictions meant the channel checks were undertaken by our colleagues in Hong Kong. There is nothing to change our view that the opportunity for The a2 Milk Company (ATM) is material in offline channels in China, where it currently under-indexes, and we see ATM as well placed to continue to grow. However there are increasing headwinds evident in our channel checks (slowing industry growth and growing competition from local brands) which means execution is important and suggests a continued lift in marketing and investment in-store will be required by ATM (as reflected in our forecasts).

NZX Code	ATM	Financials: Jun/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$9.55	NPAT* (NZ\$m)	385.8	231.6	271.0	357.6	PE	18.3	30.6	26.2	19.8
Target price	NZ\$11.00	EPS* (NZc)	52.1	31.2	36.5	48.2	EV/EBIT	11.3	18.4	16.2	12.3
Risk rating	High	EPS growth* (%)	34.4	-40.2	17.0	31.9	EV/EBITDA	11.2	17.9	15.2	11.7
Issued shares	742.6m	DPS (NZc)	0.0	0.0	0.0	14.4	Price / NTA	6.3	5.3	4.4	3.7
Market cap	NZ\$7,092m	Imputation (%)	100	100	100	100	Cash div yld (%)	0.0	0.0	0.0	1.5
Avg daily turnover	872.5k (NZ\$13,652k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	2.1

Five key takeaways

- a2 Platinum performance mixed across stores, skewed towards higher tier cities:** Performance was cited as "strong" by 43% of respondents in Tier 1 cities visited, 57% in Tier 2, 40% in Tier 3 and 0% in Tier 4.
- a2 Platinum brand loyalty high:** Sales reps from other brands said a2 Platinum customers were the hardest to acquire.
- Preference for foreign brands, but observable domestic shift:** 55% of stores cited foreign brand preference (vs. 5% for local). Albeit there were multiple comments that consumers are increasingly seeking local brands (led by Feihe).
- ATM marketing low vs other brands. Well targeted, or not enough?** Likely a combination. Marketing is an important driver of brand awareness (particularly while daigou is weak), and corresponded to higher sales performance in our sample. ATM intends to lift marketing spend in 2H21. Our forecasts also assume spend as a percentage of revenue meaningfully above historical levels.
- Industry growth solid, albeit some caution around outlook:** 81% said IF sales have been either flat (44%) or growing (37%).

Other notable points of interest

- a2 Platinum pricing consistent across stores, and unchanged on recent visits (October 2020 and September 2019).
- No observable inventory turn issues. With expiry dates fresh and ATM's new lid at all stores visited.
- a2 protein competition still increasing. Enfamil a2 (launched late 2020) was available across 65% of stores visited.



The a2 Milk Company (ATM)

Priced as at 11 Mar 2021 (NZ\$)

9.55

12-month target price (NZ\$)*						11.00	Spot valuations (NZ\$)										
Expected share price return						15.2%	1. DCF						10.22				
Net dividend yield						0.0%	2. Peer multiple						9.94				
Estimated 12-month return						15.2%	n/a						n/a				
Key WACC assumptions							DCF valuation summary (NZ\$m)										
Risk free rate						2.30%	Total firm value						6,737				
Equity beta						0.95	(Net debt)/cash						854				
WACC						8.2%	Less: Capitalised operating leases						(17)				
Terminal growth						1.5%	Value of equity						7,574				
Profit and Loss Account (NZ\$m)						2019A	2020A	2021E	2022E	2023E	Valuation Ratios		2019A	2020A	2021E	2022E	2023E
Sales revenue						1,300.8	1,731.1	1,381.0	1,599.1	1,912.4	EV/EBITDA (x)		15.6	11.2	17.9	15.2	11.7
Normalised EBITDA						413.6	549.7	340.6	407.5	530.5	EV/EBIT (x)		15.7	11.3	18.4	16.2	12.3
Depreciation and amortisation						(2.2)	(4.4)	(8.3)	(23.8)	(24.6)	PE (x)		24.6	18.3	30.6	26.2	19.8
Normalised EBIT						411.4	545.3	332.3	383.7	505.9	Price/NTA (x)		9.0	6.3	5.3	4.4	3.7
Net interest						4.3	5.7	3.4	3.5	5.0	Free cash flow yield (%)		4.0	5.9	-2.1	3.9	4.9
Associate income						0	0	0	0	0	Net dividend yield (%)		0.0	0.0	0.0	0.0	1.5
Tax						(128.0)	(165.2)	(104.1)	(116.2)	(153.2)	Gross dividend yield (%)		0.0	0.0	0.0	0.0	2.1
Minority interests						0	0	0	0	0							
Normalised NPAT						287.7	385.8	231.6	271.0	357.6	Capital Structure		2019A	2020A	2021E	2022E	2023E
Abnormals/other						0	0	0	0	0	Interest cover EBIT (x)		n/a	n/a	n/a	n/a	n/a
Reported NPAT						287.7	385.8	231.6	271.0	357.6	Interest cover EBITDA (x)		n/a	n/a	n/a	n/a	n/a
Normalised EPS (cps)						38.8	52.1	31.2	36.5	48.2	Net debt/ND+E (%)		-143.9	-305.2	-91.2	-131.7	-172.6
DPS (cps)						0	0	0	0	14.4	Net debt/EBITDA (x)		n/a	n/a	n/a	n/a	n/a
Growth Rates						2019A	2020A	2021E	2022E	2023E	Key Ratios		2019A	2020A	2021E	2022E	2023E
Revenue (%)						41.0	33.1	-20.2	15.8	19.6	Return on assets (%)		40.9	37.5	21.1	20.5	22.7
EBITDA (%)						46.1	32.9	-38.0	19.6	30.2	Return on equity (%)		36.5	34.0	17.1	16.7	18.4
EBIT (%)						46.5	32.5	-39.1	15.5	31.9	Return on funds employed (%)		106.3	127.2	46.6	38.2	50.3
Normalised NPAT (%)						47.0	34.1	-40.0	17.0	31.9	EBITDA margin (%)		31.8	31.8	24.7	25.5	27.7
Normalised EPS (%)						47.4	34.4	-40.2	17.0	31.9	EBIT margin (%)		31.6	31.5	24.1	24.0	26.5
Ordinary DPS (%)						n/a	n/a	n/a	n/a	n/a	Capex to sales (%)		0.3	0.4	20.0	1.9	2.1
											Capex to depreciation (%)		155	164	3,343	126	162
Cash Flow (NZ\$m)						2019A	2020A	2021E	2022E	2023E	Imputation (%)		100	100	100	100	100
EBITDA						413.6	549.7	340.6	407.5	530.5	Pay-out ratio (%)		0	0	0	0	30
Working capital change						(6.5)	33.6	(102.8)	14.7	7.1							
Interest & tax paid						(129.6)	(192.2)	(100.7)	(112.6)	(148.3)	Operating Performance		2019A	2020A	2021E	2022E	2023E
Other						11.6	35.9	(10.0)	0	0	Revenue (breakdown by product)						
Operating cash flow						289.1	427.0	127.1	309.6	389.3	IF - ANZ (primarily daigou)		653	745	440	461	572
Capital expenditure						(3.4)	(7.2)	(276.5)	(30.0)	(40.0)	IF - CBEC		243	341	183	183	188
(Acquisitions)/divestments						(162.3)	(21.9)	(56.2)	0	0	Total English Label		896	1,086	623	644	760
Other						0	(3.6)	(3.5)	(3.7)	(3.8)	IF - China Label		168	338	468	641	807
Funding available/(required)						123.4	394.3	(209.1)	275.9	345.5	Total Infant Formula		1,064	1,424	1,091	1,285	1,567
Dividends paid						0	0	0	0	(42.9)	Total Fresh Milk		171	222	242	262	289
Equity raised/(returned)						2.9	2.4	0	0	0	Other		66	85	48	52	56
(Increase)/decrease in net debt						126.3	396.8	(209.1)	275.9	302.6	Total revenue		1,301	1,731	1,381	1,599	1,912
Balance Sheet (NZ\$m)						2019A	2020A	2021E	2022E	2023E	Revenue growth (%)						
Working capital						50.6	(7.6)	91.9	79.2	75.1	IF - ANZ (primarily daigou)		35	14	(41)	5	24
Fixed assets						10.3	14.2	333.1	341.7	359.6	IF - CBEC		54	40	(46)	0	3
Intangibles						13.0	13.6	21.5	21.3	21.1	IF - China Label		100	101	39	37	26
Right of use asset						0	16.1	16.3	16.4	16.6	Total Infant Formula		47	34	(23)	18	22
Other assets						294.5	280.8	280.8	280.8	280.8	Total Fresh Milk		20	30	9	8	10
Total funds employed						368.4	317.2	743.6	739.5	753.1	Gross profit		713	969	715	841	1,010
Net debt/(cash)						(464.8)	(854.2)	(646.8)	(924.5)	(1,229.1)	Total SG&A expenses		(300)	(419)	(375)	(433)	(480)
Lease liability						0	16.8	17.5	18.1	18.7	incl marketing expenses		(134)	(194)	(173)	(200)	(229)
Other liabilities						45.4	20.5	17.2	19.2	22.2	Group EBITDA		414	550	341	407	530
Shareholder's funds						787.9	1,134.1	1,355.7	1,626.7	1,941.4	US - EBITDA losses		(44)	(51)	(27)	(25)	(20)
Minority interests						0	0	0	0	0	EBITDA excluding US losses		457.6	600.2	367.1	432.2	550.3
Total funding sources						368.4	317.2	743.6	739.5	753.1							

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

Executive summary

Key takeaways from our proprietary MBS store tour

We recently visited 40 Mother & Baby stores (MBS), including interviewing in-store staff, to get updated on-the-ground insights in what is the most important channel for Infant Formula (IF) sales in China. This is also the key growth avenue for ATM, with market share still low of a large addressable market. Travel restrictions meant the visits were undertaken by our colleagues in Hong Kong.

What did we learn?

- a2 Platinum performance mixed across stores; skewed towards higher tier cities
- a2 Platinum brand loyalty high
- Preference for foreign brands, but observable domestic shift
- ATM marketing low vs other brands. Well targeted, or not enough? Likely a combination in our view.
- Industry growth solid, albeit some caution around outlook

What did we do?

Our colleagues visited 40 stores across 5 cities within Tiers 1-4 surveying in-store personnel and noting observations for ATM and the IF category. This follows a similar exercise in October 2020.

We recognise the limitations of drawing definitive conclusions from a small sample in a market as complex and fragmented as China. Nonetheless, we consider our sample relatively random given no pre-screening in the locations and participants. We have intentionally limited direct comparisons with our prior results/takeaways from our October store tour given the material change in tier mix between the two samples. For more detail on the sample breakdown or methodology, refer to Appendix 1.

Valuation and our view

The recent downgrade cycle has materially dented our (and market) confidence in the near-term outlook which will take time to rebuild. We remain confident in ATM's longer-term brand positioning and growth potential, particularly in large offline channels in China where ATM under-indexes. However, at this juncture there is too much uncertainty to have conviction in a directional call and FY21 guidance is not risk-free. NEUTRAL.

What is the market price implying?

A valuation on ATM is most sensitive to revenue expectations for IF and EBITDA margins. Figure 1 provides a sensitivity to both.

We estimate ATM's China IF market share at ~3.6% in FY21E (FY20: ~4.6%) and FY21E EBITDA margins 24.7% (FY20: 31.8%), with FY21E materially impacted by COVID-19 related headwinds. While we don't forecast using market share (we use bottom-up forecasts by channel), our long-term forecast equates to a China IF market share of ~6.3% and EBITDA margin assumption is 29.5%.

Figure 1. Spot DCF sensitivity

		Long-term China IF market share (by value) - FY30						
		4.0%	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
Long-term EBITDA margin	20.0%	6.54	7.07	7.60	8.13	8.66	9.19	9.72
	22.5%	7.03	7.62	8.21	8.80	9.40	9.99	10.58
	25.0%	7.52	8.17	8.83	9.48	10.13	10.79	11.44
	27.5%	8.01	8.72	9.44	10.15	10.87	11.58	12.30
	30.0%	8.50	9.28	10.05	10.83	11.61	12.38	13.16
	32.5%	8.99	9.83	10.67	11.50	12.34	13.18	14.02
	35.0%	9.48	10.38	11.28	12.18	13.08	13.98	14.88

Source: Forsyth Barr analysis [Current share price](#)

Valuation metrics

ATM is trading on a cash-adjusted 12m forward PE of 23.7x, or 22.2x also adjusting for US losses. This is below the NZ market, with a material contraction over the past six months on what we view as suppressed EPS. We view the issues as largely temporary (stemming from COVID-19) and expect growth to return from FY22E. If ATM delivers on our growth profile, valuation is attractive particularly given high returns. However, risks remain and there is a high margin of error in any ATM forecast.

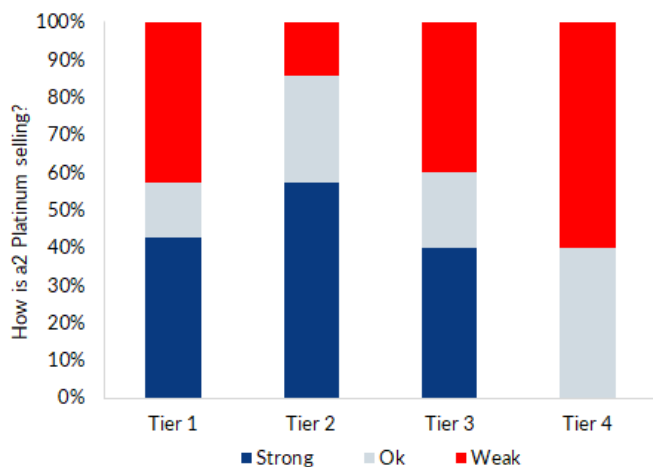
Breaking down our MBS store tour findings

ATM specific questions, availability and performance

What we observed

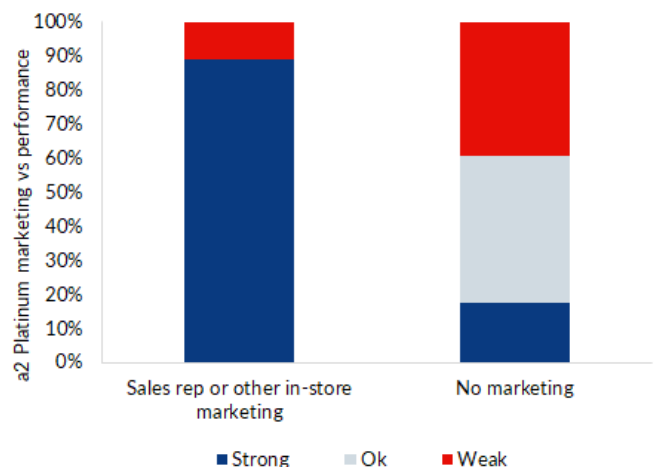
- **Product availability:** Shelf space and availability varied materially across stores. a2 Platinum IF (Stage 1–3) was available in the majority of stores visited while availability was notably lower for later stage products, particularly Smart Nutrition.
- **Long timeframe to expiry:** To get a gauge of product turnover in each store we investigated product expiry dates. Average months to expiration was ~15. This is consistent with our October 2020 store tour. 90% of product had an expiry date beyond March 2022.
- **Best performance (unsurprisingly) in higher tier cities:** Across the stores visited, there was a marked difference in a2 Platinum's performance by store, city and even within the same city. There was notably higher sales growth cited in higher tier cities (where brand awareness is strong) and materially weaker performance in Tier 4 cities visited.
- **ATM marketing low vs other brands:** China is a large market, hence, spending precious marketing budgets wisely is critical. Our observation is ATM appears to be running a concentrated/targeted marketing and investment approach. This correlates well to performance, however, it is unclear whether this is by design or a spurious correlation. Consistent feedback was ATM needs to lift its marketing, particularly in lower tier cities.
- **Evidence of strong customer loyalty:** With sales reps from other brands noting a2 Platinum customers were the hardest to acquire.

Figure 2. How is a2 Platinum selling?



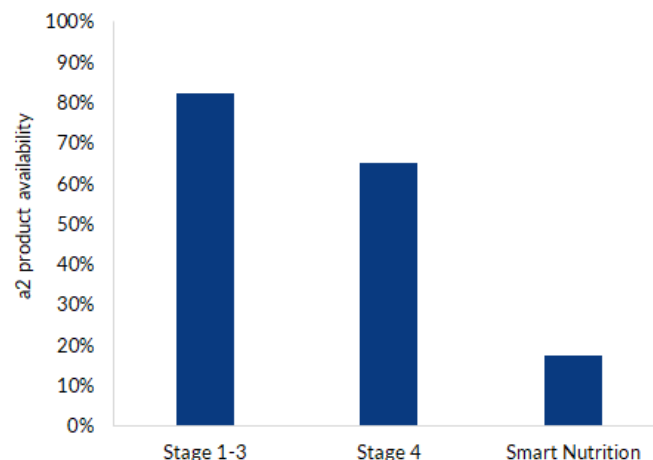
Source: Forsyth Barr analysis

Figure 3. a2 Platinum marketing vs performance



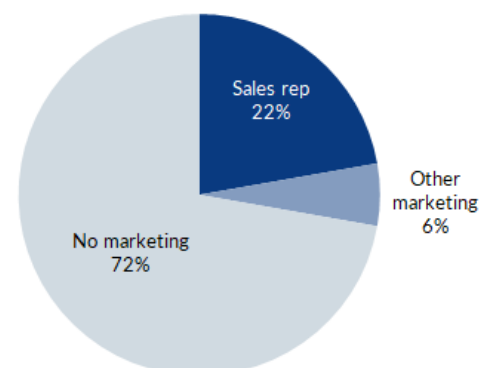
Source: Forsyth Barr analysis

Figure 4. Availability of ATM's product



Source: Forsyth Barr analysis

Figure 5. a2 Platinum marketing observations in-store



Source: Forsyth Barr analysis

Notable comments of interest

- **ATM offers ~30% margin to stores (Tier 2 store)**
- **Marketing:**
 - One store owner complained about the lack of investment from ATM and said other brands offer small gifts for new mothers.
 - One store owner complained a lot about the lack of gifts and promotion/discounts. She felt other brands were notably more aggressive in gifts and discounts.
 - Two stores in different cities noted that ATM formerly had a sales rep but this is no longer the case.
- **Performance anecdotes mixed:**
 - Tier 1 store; "very good, faster growth this year"
 - Tier 2 store with a sales rep; "very good, triple digit growth"
 - Tier 3 store; "not very good, should invest in a sales rep"
 - Tier 3 store; "a bit pricey compared to other brands and should invest in a sales rep"
 - Tier 4 store; "not very good, a bit pricey, only a few mums are buying it"

Evidence of strong customer loyalty for a2 Platinum

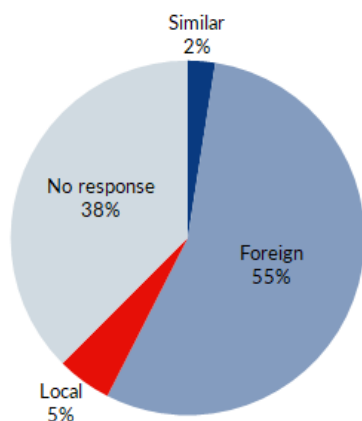
Commentary not reflected in our data/charts is that a2 has many loyal customers. Sales representatives from other brands noted that a2 Platinum customers were the hardest to acquire and they buy the products given its "famous reputation online". Other comments:

- "a2 buyers are very loyal to the brand"
- "Growth stable, have loyal customers buying Stage 2 and 3"
- "Have a group of loyal customers buying Stage 2 and 3"

Foreign vs domestic preferences

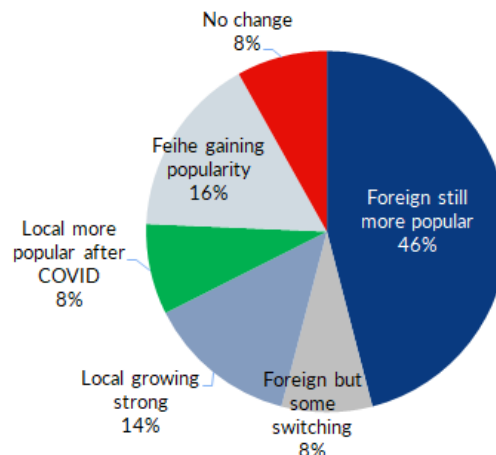
- **Foreign product preference remains high:** 55% of respondents said they prefer foreign product (versus 5% for local). Specific questions on Australasia reaffirmed perception remains high/favourable.
- **Notable shift in stated sentiment/preference towards local product:** This is yet to be directly reflected in our data but we have seen a noticeable lift in commentary in favour of local brands, helped by COVID-19, and (unsurprisingly) led by Feihe.
- **COVID-19 specific commentary:**
 - **Occasional mention of a shift away from English label product:** We have noted comments of in-store personnel (from three stores in our sample) stating that given COVID-19 uncertainty around foreign product they have opted to buy Chinese label product rather than English label.
 - **Negative COVID-19 test result notices:** Two stores in two different cities had ATM product displaying a notice indicating the product tested negative for COVID-19.

Figure 6. What is better — foreign or local brands?



Source: Forsyth Barr analysis NB: these are commented responses to our question, "what is better — foreign or local brands?"

Figure 7. Has there been any recent change in preference?



Source: Forsyth Barr analysis. NB: these are commented responses to our question, "what is better — foreign or local brands? Has this changed over the past 3 to 12 months?"

Notable comments of interest

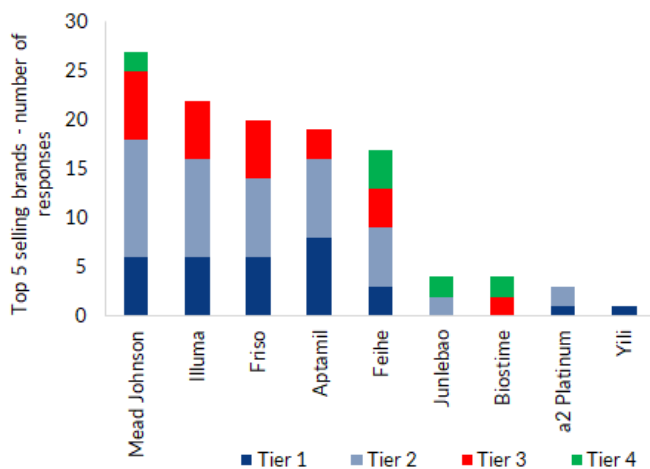
- "Feihe's sales have increased significantly after COVID"
- "Not selling local brands in store"

- "Foreign brands better. Confident in China's custom testing system"
- "Almost no people have switched to local brands but the Feihe sales rep is aggressive and offers many gifts"
- "Prefer foreign but some local brands are growing"
- "Local brands have become more and more popular after COVID"
- "Many mums are switching to Feihe and Junlebao after COVID"
- "Local brands like Ausnutria are gaining popularity, COVID did have an impact on foreign brands"
- "COVID has made some mums switch from English label to Chinese label"
- "Foreign still ok but a number of mums have switched to local brands. Most local brands have OPO which is similar to breast milk."

Broader industry observations

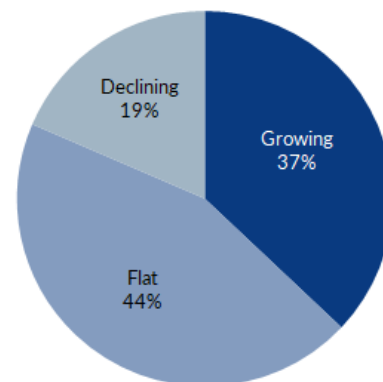
- **IF industry sales robust:** 81% of respondents indicated IF sales in their store are either flat or growing.
- **Cautious views on outlook for the IF industry:** A number of MBS owners indicated they were "not optimistic" about IF sales in 2021 and 2022. One rationale cited was "people have been asked to not get pregnant within the first few months post-vaccination". We expect birth rate trends have also featured into views on outlook, however, the recent sharp decline was not specifically mentioned by anyone surveyed.
- **Top ranked brands:** Mead Johnson was the top performer, with Illuma, Friso, Aptamil and Feihe also performing well. We were surprised at the lack of responses for a2 Platinum, which doesn't appear to align with the earlier question on sales performance.
- **Marketing:** Store personnel commented on a noticeable increase in marketing investment from Feihe and Mead Johnson. ATM marketing in the stores we visited was limited and less prevalent than other top tier IF brands.

Figure 8. Top performing brands in our MBS store survey



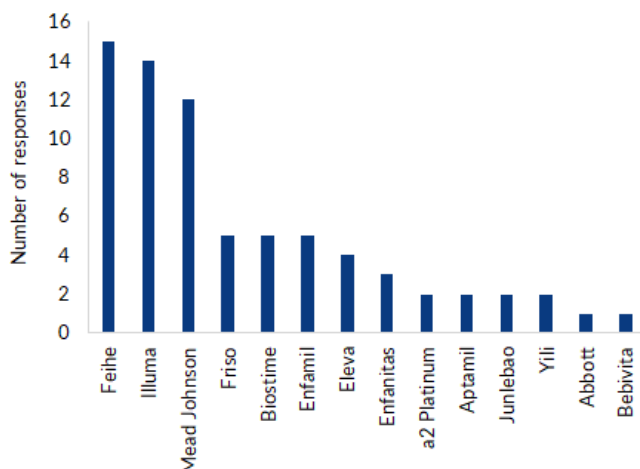
Source: Forsyth Barr analysis

Figure 9. Are sales of IF growing, declining or flat?



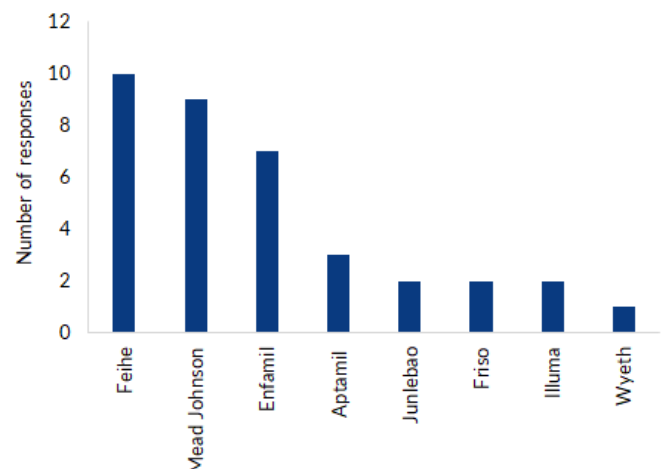
Source: Forsyth Barr analysis

Figure 10. Notable in-store marketing observations (by brand)



Source: Forsyth Barr analysis

Figure 11. What brands have recently increased marketing?

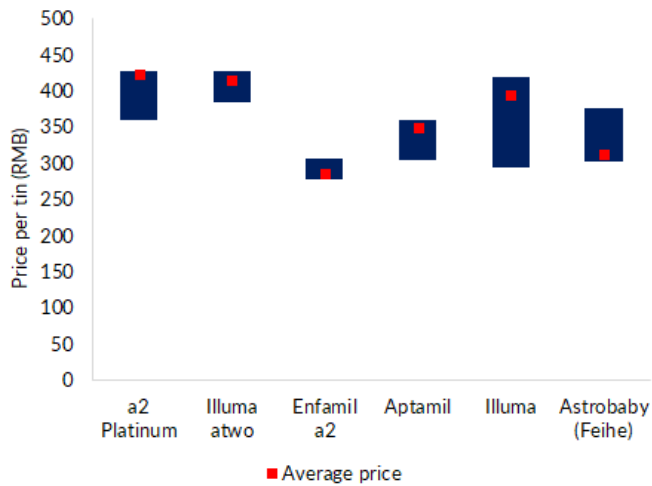


Source: Forsyth Barr analysis

Observations – availability, price and a2 protein competition

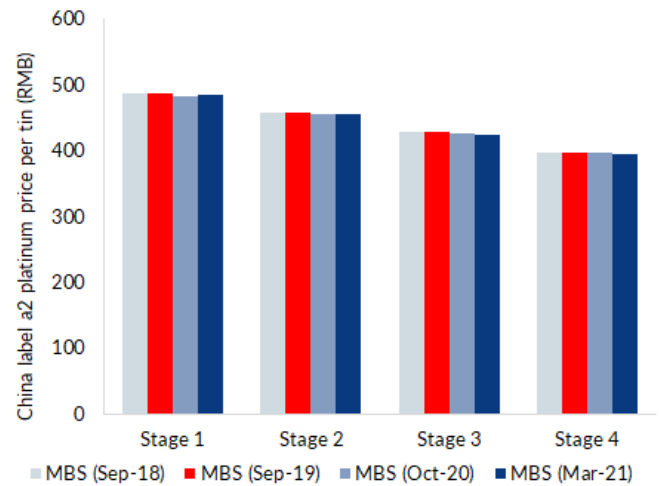
- **Price:** Little pricing deviation for a2 Platinum between stores. Taking out what appears to be two anomaly stores, prices were consistent across all the stores we visited. China label pricing for a2 Platinum has also been stable through time – using our prior MBS store tour (October 2020) and previous China visits. Competitors were more mixed.
- **a2 protein competition increasing:** We have seen the emergence of Enfamil a2 (launched late 2020), at a materially lower price point to a2 Platinum. It was available in 26 stores (65% of our sample), with specific marketing for the product in seven stores visited. Two stores we visited also had Jinggulan (Yili's a2 protein product).

Figure 12. a2 pricing relatively consistent across our sample



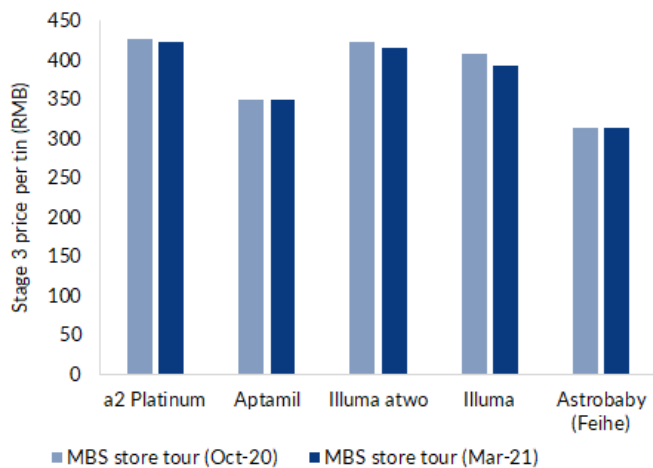
Source: Forsyth Barr analysis

Figure 13. Pricing stable through time (Forbar observations)



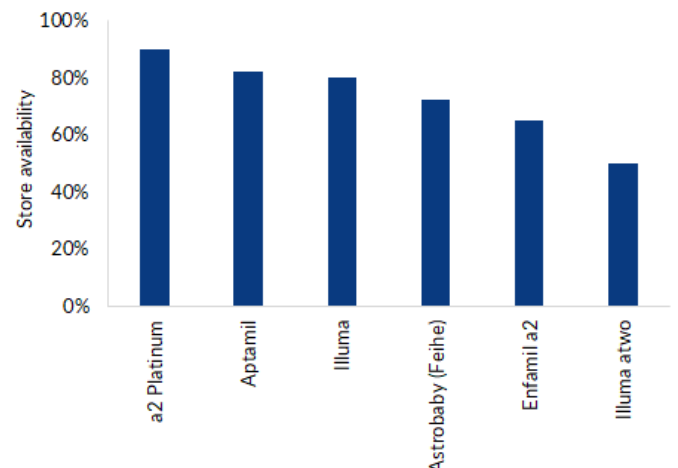
Source: Forsyth Barr analysis

Figure 14. Pricing by brand versus last survey



Source: Forsyth Barr analysis

Figure 15. Store availability across key brands

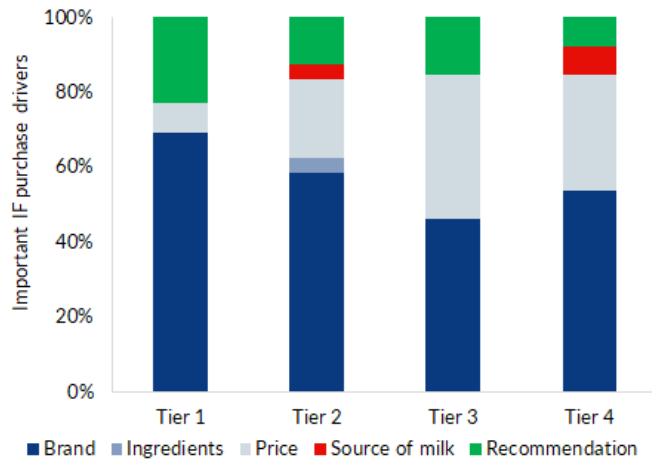


Source: Forsyth Barr analysis

Important purchase drivers

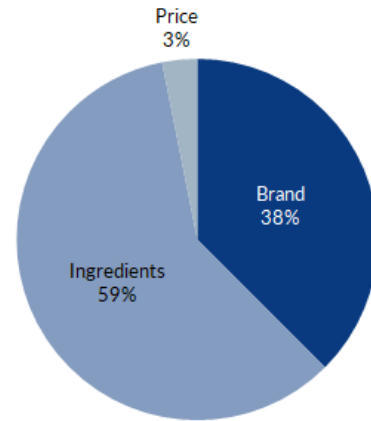
What we observed: Noticeable differences in purchasing drivers between higher and lower tier cities we visited, with respondents more price conscious in lower tier cities. Brand is the most important purchase decision driver across all four tiers.

Figure 16. Most important IF purchase drivers



Source: Forsyth Barr analysis

Figure 17. Most important a2 Platinum purchase drivers



Source: Forsyth Barr analysis

Appendix 1. Methodology and sample analysis

Our colleagues at Forsyth Barr Asia visited 40 Mother & Baby stores in China, in March 2021, focussing on observations and armed with a proprietary survey of questions which were asked of the in-store personnel. This follows a similar exercise in October 2020.

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 in the locations and participants chosen.

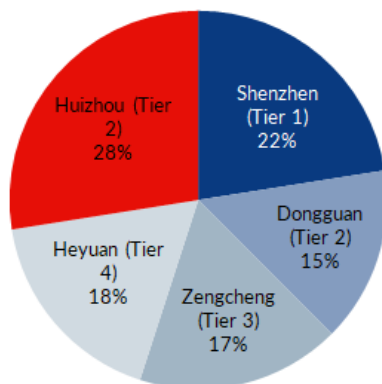
Key focus areas included:

- Observations in store, particularly focussed on the IF category and a2 Platinum
- Questions to the in-store personnel, with focus areas including:
 - Brand preference, any recent change and key purchase drivers
 - Foreign vs domestic preferences/sentiment and any changes
 - a2 Platinum specific questions focussed on performance, marketing, reasons for/against buying
 - IF category growth/performance
 - Marketing activity/presence of peers, degree of discounting and any recent changes

Breakdown of store locations

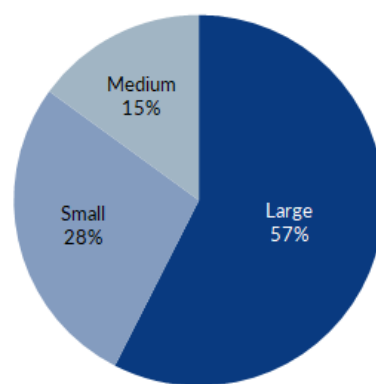
Stores visited were in the Guangdong province across five cities and a variety of tiers. There was no pre-screening to exclude stores which didn't stock a2 product.

Figure 18. Geographic breakdown



Source: Forsyth Barr analysis

Figure 19. Size of stores



Source: Forsyth Barr analysis

Comparison to our prior store tour in October 2020

Our colleagues visited 40 stores in March 2021, following a similar store tour in October 2020 (34 stores). This time around we had a broader mix of locations, with a significantly greater weighting to lower tier cities. 35% of our sample was from Tier 3 and 4 cities (vs 0% in October).

We have intentionally limited direct comparisons with our prior results/takeaways given the material change in tier mix between the two samples.

Appendix 2. Photos from our MBS store tour

Figure 20. Store 8 – Shenzhen (Tier 1)



Source: Forsyth Barr analysis

Figure 21. Store 16 – Zengcheng (Tier 3)



Source: Forsyth Barr analysis

Figure 22. Store 26 – Heyuan (Tier 4)

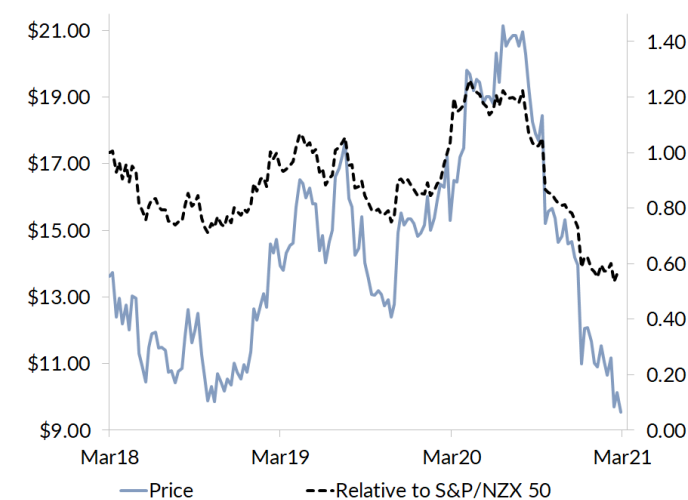


Source: Forsyth Barr analysis

Figure 23. Store 34 – Huizhou (Tier 2)



Source: Forsyth Barr analysis

Figure 24. Price performance


Source: Forsyth Barr analysis

Figure 25. 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%
Pendal Group Limited	5.2%
Morgan Stanley	5.2%

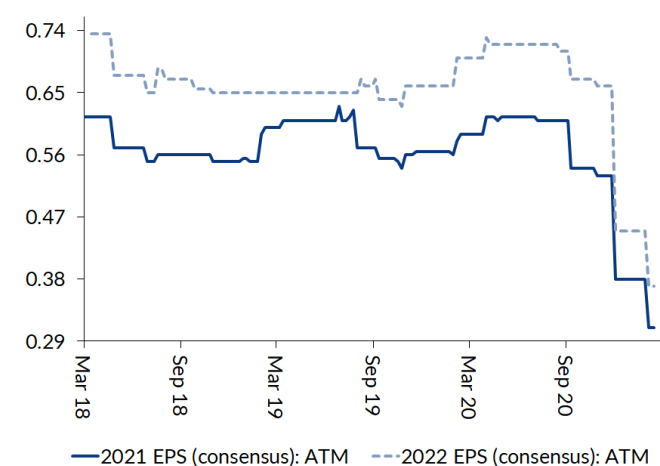
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 26. International valuation comparisons

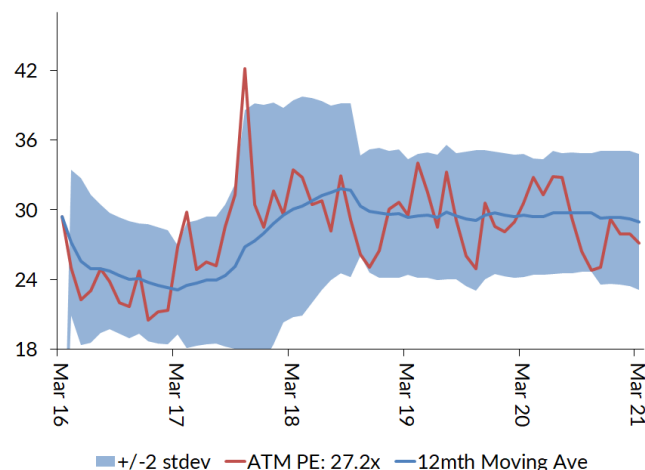
Company	Code	Price	Mkt Cap (m)	PE 2021E	PE 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBIT 2021E	EV/EBIT 2022E	Cash Yld 2022E
(metrics re-weighted to reflect ATM's balance date - June)										
The a2 Milk Company	ATM NZ	NZ\$9.55	NZ\$7,092	30.6x	26.2x	18.3x	15.3x	18.8x	16.3x	0.0%
CHINA FEIHE	6186 HK	CN¥19.20	CN¥171,520	26.4x	20.9x	18.1x	14.4x	18.4x	14.6x	1.7%
SYNLAIT MILK *	SML NZ	NZ\$3.71	NZ\$811	25.0x	16.3x	10.8x	8.9x	18.4x	14.3x	0.0%
BLACKMORES	BKL AT	A\$83.11	A\$1,608	47.7x	32.6x	21.5x	16.2x	29.7x	21.0x	1.8%
HEALTH AND HAPPINESS H&H INT	1112 HK	CN¥30.25	CN¥19,497	15.7x	13.2x	9.5x	8.4x	10.2x	8.8x	3.9%
RECKITT BENCKISER GROUP PLC	RB/ LN	£62.00	£44,206	28.6x	19.2x	17.5x	14.3x	20.7x	16.1x	2.8%
AUSNUTRIA DAIRY CORP	1717 HK	CN¥12.10	CN¥20,764	16.5x	13.2x	11.9x	9.5x	13.6x	10.6x	2.7%
INNER MONGOLIA YILI INDUS-A	600887 CH	CN¥38.42	CN¥233,694	29.4x	25.2x	19.2x	16.4x	24.3x	21.0x	2.7%
DANONE	BN FP	€57.72	€39,632	18.4x	16.6x	12.0x	11.5x	17.1x	15.0x	3.7%
CHINA MENGNIU DAIRY CO	2319 HK	CN¥41.00	CN¥161,876	39.1x	28.8x	24.0x	18.5x	36.4x	25.6x	0.8%
Compco Average:				27.4x	20.7x	16.1x	13.1x	21.0x	16.3x	2.2%
ATM Relative:				12%	27%	14%	17%	-11%	-0%	-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 27. Consensus EPS momentum (NZ\$)


Source: Forsyth Barr analysis

Figure 28. One year forward PE (x)


Source: Forsyth Barr analysis

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