

# EBOS Group

NEUTRAL

## FY19 Preview — Looking to the Next Chemist

We expect a continuation of recent trends when EBOS Group (EBO) reports its FY19 result on 22 August, with strong growth in Animal Care, albeit a more modest result in Healthcare. Our main focus is the transition of Chemist Warehouse (CW) volumes, set to support a step-up in earnings from FY20. Other focus areas are (1) M&A update, (2) operating cashflow, and (3) industry backdrop / outlook (particularly for Community Pharmacy). We forecast FY19 EBITDA growth of +4% to A\$261m.

### Key points of interest

- **Guidance:** EBO's guidance is typically opaque but any additional colour is of interest. Latest guidance is for "underlying earnings growth in FY19 with further growth into FY20".
- **CW transition:** EBO commenced its supply contract with CW on 1 July 2019. We look for any updated insight on: earnings potential, cost implication of the transition and the well signalled working capital investment in 4Q19 (inventory build +A\$100m, less any supplier coverage).
- **Pharmacy backdrop:** Currently topical given the material change underway in Australia — with the CW contract changing hands and as negotiations commence for the next five year Community Pharmacy Agreement (due to roll-over 1 July 2020). We look for any update on how EBO views the landscape and areas of opportunity/risk.
- **Animal Care:** We expect another strong result, continuing recent trends, primarily driven by branded products — a favourable mix for margins. Any outlook insights and trajectory in brands will be areas of interest.
- **Cash conversion:** A key focus and strength of EBO. 1H19 disappointed and we look for a more encouraging underlying result in 2H19, although this will likely be masked by working capital investment for CW.
- **M&A update:** Following EBO's recent capital raise (and adjusting for CW) we estimate current headroom of up to A\$300m.

### Conference call — 11:30am NZ time on 22 August

Dial in details are 0800 667 018 for New Zealand (1800 148 258 for Australia); conference ID is **8167707**.

Figure 1. FY19 result preview

| A\$m                    | FY18  | FY19E | % chg | Consensus |
|-------------------------|-------|-------|-------|-----------|
| Revenue                 | 6,987 | 6,938 | -0.7% | 6,997     |
| EBITDA                  | 250   | 261   | 4.2%  | 256       |
| Underlying NPAT         | 137   | 142   | 3.4%  | 141       |
| Underlying EPS (A cps)  | 90.4  | 92.6  | 2.5%  | 91.8      |
| Final dividend (NZ cps) | 35.5  | 36.5  | 3.6%  | 32.6      |

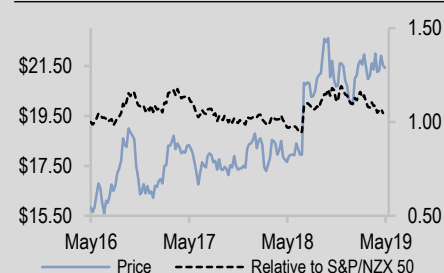
Source: Forsyth Barr analysis, Company reports

### Investment View

EBO is the largest Australasian wholesaler and distributor of healthcare, medical and pharmaceutical products, while also managing a brand portfolio and Animal Care business. Valuation metrics seem fair in light of a modest underlying growth outlook, with upside reliant on M&A. NEUTRAL.

| NZX Code               | EBO                |
|------------------------|--------------------|
| Share price            | NZ\$21.42          |
| Target price           | NZ\$21.00          |
| Risk rating            | Medium             |
| Issued shares          | 159.6m             |
| Market cap             | NZ\$3,419m         |
| Average daily turnover | 63.3k (NZ\$1,313k) |

### Share Price Performance



| Financials: June | 18A   | 19E   | 20E   | 21E   |
|------------------|-------|-------|-------|-------|
| NPAT* (NZ\$m)    | 149.6 | 146.8 | 189.0 | 198.9 |
| EPS* (NZc)       | 98.5  | 95.9  | 117.9 | 124.1 |
| EPS growth* (%)  | 7.8   | -2.6  | 23.0  | 5.2   |
| DPS (NZc)        | 68.5  | 71.0  | 84.0  | 88.5  |
| Imputation (%)   | 25    | 25    | 25    | 25    |

| Valuation (x)            | 18A  | 19E  | 20E  | 21E  |
|--------------------------|------|------|------|------|
| EV/EBITDA                | 14.2 | 13.7 | 11.6 | 11.2 |
| EV/EBIT                  | 16.2 | 15.6 | 13.2 | 12.7 |
| PE                       | 21.8 | 22.3 | 18.2 | 17.3 |
| Price / NTA              | n/a  | 17.8 | 10.6 | 7.3  |
| Cash dividend yield (%)  | 3.2  | 3.3  | 3.9  | 4.1  |
| Gross dividend yield (%) | 3.5  | 3.6  | 4.3  | 4.5  |

\*Historic and forecast numbers based on underlying profits

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**Ebos Group Ltd (EBO)** Priced as at 30 Apr 2019: NZ\$21.42

**Forsyth Barr valuation**

Valuation methodology Weighted DCF and multiple approach

|                                      |              |                               |       |
|--------------------------------------|--------------|-------------------------------|-------|
| <b>12-month target price (NZ\$)*</b> | <b>21.00</b> | <b>Spot valuations (NZ\$)</b> |       |
| Expected share price return          | -2.0%        | 1. DCF                        | 20.05 |
| Net dividend yield                   | 3.8%         | 2. Multiple approach          | 18.40 |
| Estimated 12-month return            | 1.9%         | 3. n/a                        | n/a   |

**Key WACC assumptions**

|                 |       |                                      |       |
|-----------------|-------|--------------------------------------|-------|
| Risk free rate  | 2.75% | <b>DCF valuation summary (NZ\$m)</b> |       |
| Equity beta     | 0.91  | Total firm value                     | 3,632 |
| WACC            | 9.1%  | (Net debt)/cash                      | (321) |
| Terminal growth | 1.5%  | Value of equity                      | 3,311 |
|                 |       | Shares (m)                           | 160   |

|                                       |              |              |              |              |              |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Profit and Loss Account (A\$m)</b> | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| Sales revenue                         | 7,203        | 6,987        | 6,938        | 8,159        | 8,401        |
| <b>Normalised EBITDA</b>              | <b>228</b>   | <b>250</b>   | <b>261</b>   | <b>305</b>   | <b>315</b>   |
| Depreciation and amortisation         | (24)         | (32)         | (33)         | (36)         | (37)         |
| <b>Normalised EBIT</b>                | <b>204</b>   | <b>218</b>   | <b>228</b>   | <b>269</b>   | <b>278</b>   |
| Net interest                          | (18)         | (21)         | (25)         | (20)         | (17)         |
| Associate income                      | -            | -            | -            | -            | -            |
| Tax                                   | (54)         | (58)         | (59)         | (72)         | (76)         |
| Minority interests                    | (0)          | 2            | 2            | 2            | 3            |
| <b>Normalised NPAT</b>                | <b>131</b>   | <b>137</b>   | <b>142</b>   | <b>174</b>   | <b>183</b>   |
| Abnormals/other                       | (7)          | -            | (7)          | -            | -            |
| <b>Reported NPAT</b>                  | <b>126</b>   | <b>137</b>   | <b>135</b>   | <b>174</b>   | <b>183</b>   |
| Normalised EPS (cps)                  | 86.3         | 90.4         | 92.6         | 108.7        | 114.2        |
| DPS (NZ cps)                          | 63.0         | 68.5         | 71.0         | 84.0         | 88.5         |

|                     |              |              |              |              |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Growth Rates</b> | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| Revenue (%)         | 10.1         | -3.0         | -0.7         | 17.6         | 3.0          |
| EBITDA (%)          | 9.9          | 9.6          | 4.2          | 17.1         | 3.3          |
| EBIT (%)            | 10.2         | 7.1          | 4.3          | 18.3         | 3.4          |
| Normalised NPAT (%) | 11.9         | 4.9          | 3.4          | 22.7         | 5.1          |
| Normalised EPS (%)  | 11.4         | 4.8          | 2.5          | 17.3         | 5.1          |
| DPS (%)             | 7.7          | 8.7          | 3.6          | 18.3         | 5.4          |

|                                        |              |              |              |              |              |
|----------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Cash Flow (A\$m)</b>                | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| <b>EBITDA</b>                          | <b>228</b>   | <b>250</b>   | <b>261</b>   | <b>305</b>   | <b>315</b>   |
| Working capital change                 | (6)          | (7)          | (123)        | (38)         | (25)         |
| Interest & tax paid                    | (80)         | (81)         | (83)         | (93)         | (93)         |
| Other                                  | (7)          | -            | (7)          | -            | -            |
| <b>Operating cash flow</b>             | <b>136</b>   | <b>162</b>   | <b>48</b>    | <b>174</b>   | <b>198</b>   |
| Capital expenditure                    | (36)         | (58)         | (25)         | (25)         | (25)         |
| (Acquisitions)/divestments             | (175)        | (31)         | (92)         | -            | -            |
| Other                                  | -            | -            | -            | -            | -            |
| <b>Funding available/(required)</b>    | <b>(74)</b>  | <b>73</b>    | <b>(70)</b>  | <b>149</b>   | <b>173</b>   |
| Dividends paid                         | (88)         | (92)         | (102)        | (126)        | (130)        |
| Equity raised/(returned)               | -            | -            | 140          | -            | -            |
| <b>Increase/(decrease) in net debt</b> | <b>162</b>   | <b>19</b>    | <b>32</b>    | <b>(24)</b>  | <b>(44)</b>  |

|                               |              |              |              |              |              |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Balance Sheet (A\$m)</b>   | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| Working capital               | 278          | 282          | 405          | 443          | 468          |
| Fixed assets                  | 110          | 112          | 166          | 172          | 177          |
| Intangibles                   | 1,130        | 1,074        | 1,105        | 1,088        | 1,071        |
| Other assets                  | 104          | 164          | 164          | 164          | 164          |
| <b>Total funds employed</b>   | <b>1,622</b> | <b>1,632</b> | <b>1,839</b> | <b>1,867</b> | <b>1,879</b> |
| Net debt/(cash)               | 411          | 432          | 414          | 328          | 223          |
| Other non current liabilities | 122          | 127          | 127          | 127          | 127          |
| Shareholder's funds           | 1,070        | 1,051        | 1,274        | 1,386        | 1,501        |
| Minority interests            | 19           | 21           | 24           | 26           | 29           |
| <b>Total funding sources</b>  | <b>1,622</b> | <b>1,632</b> | <b>1,839</b> | <b>1,867</b> | <b>1,879</b> |

|                          |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Valuation Ratios</b>  | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| EV/EBITDA (x)            | 15.5         | 14.2         | 13.7         | 11.6         | 11.2         |
| EV/EBIT (x)              | 17.3         | 16.2         | 15.6         | 13.2         | 12.7         |
| PE (x)                   | 23.5         | 21.8         | 22.3         | 18.2         | 17.3         |
| Price/NTA (x)            | n/a          | n/a          | 17.8         | 10.6         | 7.3          |
| Free cash flow yield (%) | 3.1          | 3.3          | 0.7          | 4.7          | 5.5          |
| Net dividend yield (%)   | 2.9          | 3.2          | 3.3          | 3.9          | 4.1          |
| Gross dividend yield (%) | 3.2          | 3.5          | 3.6          | 4.3          | 4.5          |
| Imputation (%)           | 25           | 25           | 25           | 25           | 25           |
| Pay-out ratio (%)        | 69           | 70           | 74           | 71           | 71           |

|                           |              |              |              |              |              |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Capital Structure</b>  | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| Interest cover EBIT (x)   | 11.3         | 10.4         | 9.3          | 13.1         | 16.4         |
| Interest cover EBITDA (x) | 12.7         | 12.0         | 10.6         | 14.9         | 18.6         |
| Net debt/ND+E (%)         | 27.7         | 29.1         | 24.5         | 19.1         | 12.9         |
| Net debt/EBITDA (x)       | 1.8          | 1.7          | 1.6          | 1.1          | 0.7          |

|                              |              |              |              |              |              |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Key Ratios</b>            | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| Return on assets (%)         | 6.7          | 7.4          | 7.1          | 8.0          | 8.2          |
| Return on equity (%)         | 12.2         | 13.1         | 11.1         | 12.6         | 12.2         |
| Return on funds employed (%) | 11.0         | 10.7         | 10.5         | 11.4         | 11.6         |
| EBITDA margin (%)            | 3.2          | 3.6          | 3.8          | 3.7          | 3.8          |
| EBIT margin (%)              | 2.8          | 3.1          | 3.3          | 3.3          | 3.3          |
| Capex to sales (%)           | 0.5          | 0.8          | 0.4          | 0.3          | 0.3          |
| Capex to depreciation (%)    | 275          | 358          | 147          | 128          | 125          |

|                                  |              |              |              |              |              |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Key assumptions</b>           | <b>2017A</b> | <b>2018A</b> | <b>2019E</b> | <b>2020E</b> | <b>2021E</b> |
| <b>Divisional revenue (A\$m)</b> |              |              |              |              |              |
| Healthcare                       | 6,803        | 6,609        | 6,545        | 7,745        | 7,964        |
| Animal Care                      | 400          | 378          | 393          | 414          | 436          |
| Other                            | 0            | 0            | 0            | 0            | 0            |
| <b>Total revenue</b>             | <b>7,203</b> | <b>6,987</b> | <b>6,938</b> | <b>8,159</b> | <b>8,401</b> |

|                                 |            |            |            |            |            |
|---------------------------------|------------|------------|------------|------------|------------|
| <b>Divisional EBITDA (A\$m)</b> |            |            |            |            |            |
| Healthcare                      | 197        | 217        | 223        | 264        | 272        |
| Animal Care                     | 42         | 46         | 50         | 54         | 57         |
| Corporate / Other               | (11)       | (12)       | (13)       | (13)       | (14)       |
| <b>Total EBITDA</b>             | <b>228</b> | <b>250</b> | <b>261</b> | <b>305</b> | <b>315</b> |

|                            |            |            |            |            |            |
|----------------------------|------------|------------|------------|------------|------------|
| <b>EBITDA margins (%)</b>  |            |            |            |            |            |
| Healthcare                 | 2.9        | 3.3        | 3.4        | 3.4        | 3.4        |
| Animal Care                | 10.6       | 12.1       | 12.8       | 13.0       | 13.1       |
| <b>Total EBITDA margin</b> | <b>3.2</b> | <b>3.6</b> | <b>3.8</b> | <b>3.7</b> | <b>3.8</b> |

|                                              |       |       |       |       |       |
|----------------------------------------------|-------|-------|-------|-------|-------|
| <b>Key Healthcare segment revenue (A\$m)</b> |       |       |       |       |       |
| Community Pharmacy                           | 3,950 | 3,871 | 3,677 | 4,766 | 4,871 |
| Institutional Healthcare                     | 2,347 | 2,251 | 2,268 | 2,347 | 2,429 |
| Contract Logistics                           | 458   | 443   | 481   | 505   | 530   |
| Consumer Products                            | 100   | 109   | 119   | 127   | 134   |

|                             |             |             |             |             |            |
|-----------------------------|-------------|-------------|-------------|-------------|------------|
| <b>Revenue growth (%)</b>   |             |             |             |             |            |
| Community Pharmacy          | 9.8         | -2.0        | -5.0        | 29.6        | 2.2        |
| Institutional Healthcare    | 14.0        | -4.1        | 0.8         | 3.5         | 3.5        |
| Contract Logistics          | 0.4         | -3.1        | 8.5         | 5.0         | 5.0        |
| Consumer Products           | 25.1        | 9.0         | 9.5         | 7.0         | 5.0        |
| Animal Care                 | 4.7         | -5.4        | 3.9         | 5.3         | 5.5        |
| <b>Group revenue growth</b> | <b>10.1</b> | <b>-3.0</b> | <b>-0.7</b> | <b>17.6</b> | <b>3.0</b> |

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

## FY19 preview tables

Figure 2. FY19E result preview in more detail

| A\$m                            | FY18             | FY19E            | % chg            |
|---------------------------------|------------------|------------------|------------------|
| Total revenue                   | 6,986.8          | 6,937.5          | -0.7%            |
| Operating expenses              | (6,736.7)        | (6,676.9)        | -0.9%            |
| <b>Total EBITDA</b>             | <b>250.1</b>     | <b>260.6</b>     | <b>4.2%</b>      |
| Depreciation                    | 16.2             | 17.0             | 4.9%             |
| Amortisation                    | 15.7             | 16.0             | 1.9%             |
| <b>EBIT</b>                     | <b>218.2</b>     | <b>227.6</b>     | <b>4.3%</b>      |
| Net Interest                    | (20.9)           | (24.5)           | 17.2%            |
| <b>Net profit before tax</b>    | <b>197.3</b>     | <b>203.1</b>     | <b>2.9%</b>      |
| Tax                             | (58.0)           | (58.9)           | 1.6%             |
| <b>Net profit after tax</b>     | <b>139.3</b>     | <b>144.2</b>     | <b>3.5%</b>      |
| Minorities                      | (2.0)            | (2.3)            | 15.0%            |
| Abnormals                       | 0.0              | (6.7)            | n/a              |
| <b>Reported profit</b>          | <b>137.3</b>     | <b>135.3</b>     | <b>-1.5%</b>     |
| <br><b>Underlying profit</b>    | <br><b>137.3</b> | <br><b>141.9</b> | <br><b>3.4%</b>  |
| Underlying EPS (A cps)          | 90.4             | 92.6             | 2.5%             |
| Dividend (NZ cps)               | 68.5             | 71.0             | 3.6%             |
| <br><b>Divisional Breakdown</b> | <br><b>FY18</b>  | <br><b>FY19E</b> | <br><b>% chg</b> |
| <b>External revenue</b>         |                  |                  |                  |
| Healthcare                      | 6,609            | 6,545            | -1.0%            |
| Animal Care                     | 378              | 393              | 3.9%             |
| <b>Total revenue</b>            | <b>6,987</b>     | <b>6,938</b>     | <b>-0.7%</b>     |
| <br><b>EBITDA</b>               |                  |                  |                  |
| Healthcare                      | 217              | 223              | 3.0%             |
| Animal Care                     | 46               | 50               | 10.1%            |
| Corporate costs                 | (12)             | (13)             | 5.0%             |
| <b>Total EBITDA</b>             | <b>250</b>       | <b>261</b>       | <b>4.2%</b>      |
| <br><b>EBITDA margin</b>        |                  |                  |                  |
| Healthcare                      | 3.3%             | 3.4%             | 13bp             |
| Animal Care                     | 12.1%            | 12.8%            | 72bp             |

Source: Forsyth Barr analysis, Company reports

## Investment summary

EBOS Group (EBO) is the largest diversified Australasian marketer, wholesaler and distributor of healthcare, medical and pharmaceutical products, and a leading Australasian animal care products distributor. Its core competency is specialised healthcare logistics. EBO is best-in-class with higher margins, superior working capital management and a more diversified earnings profile than its listed peers. We see EBO as fairly valued and our rating is **NEUTRAL**. The key area of optionality is M&A which has been an area of value accretion over history.

### Business quality

- **Industry leader:** A well-run business in a challenging industry. EBO is a best in class operator and is the market leader across many complementary segments. Its portfolio approach and diversified model is superior to its listed peers.
- **Capital discipline:** Adept working capital management and a strong ROIC focus to any investment of capital (organic / acquisitions) is a strength.
- **Limited divisional financial disclosure:** This makes underlying organic growth trends more difficult to interpret. We note disclosure has improved.

### Earnings and cashflow outlook

- **Underlying growth:** Modest without acquisitions, although the addition of Chemist Warehouse (CW) from FY20 will likely improve the growth trajectory.
- **M&A:** Has been a key feature through history and not captured in a DCF. EBO is disciplined on hurdle rates, with a longstanding target ROCE in excess of 15%.

### Company description

EBO is involved in the healthcare products supply industry in both New Zealand and Australia. Following a large number of acquisitions, EBO has evolved into an Australasian integrated healthcare supply chain business. It is the largest diversified wholesaler, marketer, and distributor of healthcare, medical and pharmaceutical products in Australasia. EBO is also a leading Australasian animal care products distributor. Two key acquisitions in its history are Masterpet (2011), a leading Australasian distributor of premium pet foods and accessories and Symbion (2013), an Australian pharmaceutical wholesaler and distributor.

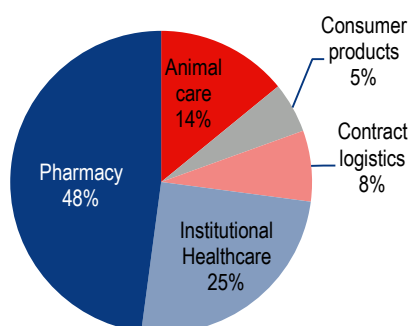
### Financial structure

- **Gearing:** EBO targets a long term net debt to EBITDA range of 1.7–2.3x. Adjusting for CW, we estimate balance sheet headroom of up to c.A\$300m which provides runway for small to mid-size bolt-on acquisitions.

### Risk factors

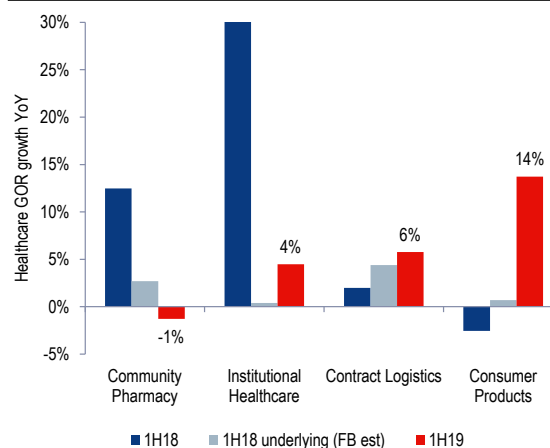
- **Regulatory change:** EBO's Healthcare segment operates in a challenging backdrop, with high levels of government regulation and price deflation. Any change can impact EBO given its role in the supply chain.
- **Suppliers opting for a direct distribution model:** This could result in a loss of scale for wholesalers, undermining the economics of the channel. Direct distribution is a risk to wholesalers, albeit history suggests the economics are not compelling for broader adoption by manufacturers.

Figure 1. Gross operating revenue breakdown — FY18



Source: Company reports, Forsyth Barr analysis

Figure 2. Healthcare segmental growth



Source: Company reports, Forsyth Barr analysis

**Figure 3. Substantial Shareholders**

| Shareholder       | Latest Holding |
|-------------------|----------------|
| The Zuellig Group | 40.0%          |
| FMR               | 9.1%           |

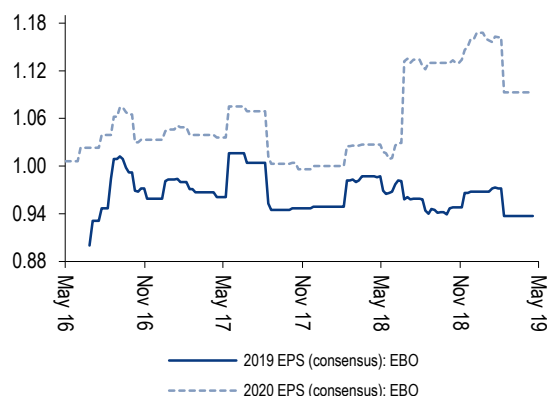
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

**Figure 4. International Compcos**

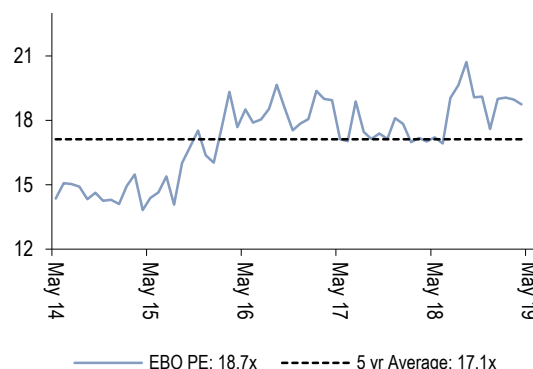
| Company                                                    | Code          | Price            | Mkt Cap          | PE           | EV/EBITDA    | EV/EBIT      | Cash D/Yld   |
|------------------------------------------------------------|---------------|------------------|------------------|--------------|--------------|--------------|--------------|
| (metrics re-weighted to reflect EBO's balance date - June) |               |                  | (m)              | 2019E        | 2020E        | 2019E        | 2020E        |
| <b>EBOS Group</b>                                          | <b>EBO NZ</b> | <b>NZ\$21.42</b> | <b>NZ\$3,419</b> | <b>22.3x</b> | <b>18.2x</b> | <b>13.7x</b> | <b>11.7x</b> |
| Australian Pharmaceutical Industries                       | API AT        | A\$1.45          | A\$714           | 13.7x        | 12.9x        | 8.2x         | 7.8x         |
| Sigma Healthcare                                           | SIG AT        | A\$0.53          | A\$556           | 17.6x        | 21.4x        | 11.8x        | 13.0x        |
| McKesson Corp                                              | MCK US        | US\$118.64       | US\$22,752       | 8.7x         | 8.2x         | 7.5x         | 7.3x         |
| AmerisourceBergen Corp                                     | ABC US        | US\$74.51        | US\$15,734       | 10.7x        | 10.4x        | 8.0x         | 7.4x         |
| Henry Schein Inc                                           | HSIC US       | US\$63.38        | US\$9,488        | 18.3x        | 17.8x        | 12.4x        | 12.7x        |
| Patterson Cos Inc                                          | PDCO US       | US\$21.72        | US\$2,068        | 15.0x        | 14.0x        | 10.8x        | 10.0x        |
| Sinopharm Group Co                                         | 1099 HK       | CN¥30.50         | CN¥90,636        | 14.6x        | 13.0x        | 5.6x         | 5.1x         |
| <b>Compcos Average:</b>                                    |               |                  |                  | <b>14.1x</b> | <b>14.0x</b> | <b>9.2x</b>  | <b>9.0x</b>  |
| <b>EBO Relative:</b>                                       |               |                  |                  | <b>+59%</b>  | <b>+30%</b>  | <b>+49%</b>  | <b>+30%</b>  |
|                                                            |               |                  |                  |              |              | <b>+40%</b>  | <b>+21%</b>  |
|                                                            |               |                  |                  |              |              |              | <b>+13%</b>  |

EV = Current Market Cap + Actual Net Debt

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

**Figure 5. Consensus EPS Momentum**


Source: Forsyth Barr analysis, Bloomberg

**Figure 6. 12 Month Forward PE**


Source: Forsyth Barr analysis

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