

# Mainfreight

## Q2 Peer Read-through – A Blue Blooded Anomaly

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### OUTPERFORM

Second quarter 2020 results from Mainfreight's (MFT) key global peers highlight material decline in freight demand as a result of COVID-19, but resilient margins across most industry segments. MFT released its corresponding quarterly results at its Annual Shareholder Meeting on 30 July 2020, highlighting a stellar quarter, with revenue up +8% and pre-tax profit up +20% on the same period last year. Its superior performance in the context of broader industry profitability decline highlights its best-in-class characteristics and continued strong growth potential. MFT is trading at a one year forward PE of ~26x, a discount to its closest but significantly larger peers. We retain an OUTPERFORM rating.

NZX Code	MFT	Financials: Mar/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$47.50	NPAT* (NZ\$m)	156.1	167.6	198.3	231.6	EV/EBITDA	17.5	11.3	10.1	9.1
Target price	NZ\$47.00	EPS* (NZc)	155.0	166.5	196.9	230.0	EV/EBIT	22.1	19.0	16.1	14.2
Risk rating	Medium	EPS growth* (%)	10.6	7.4	18.3	16.8	PE	30.6	28.5	24.1	20.7
Issued shares	100.7m	DPS (NZc)	59.0	65.0	78.8	92.0	Price / NTA	7.0	6.2	4.8	3.8
Market cap	NZ\$4,783m	Imputation (%)	100	100	100	100	Cash div yld (%)	1.2	1.4	1.7	1.9
Avg daily turnover	77.3k (NZ\$2,929k)	*Based on normalised profits					Gross div yld (%)	1.7	1.9	2.3	2.7

#### Global peer 2Q20 highlights:

- **Revenue growth:** MFT's global peers reported an average revenue decline of -9%, driven by weaker seafreight, less-than-truckload (LTL) transport and logistics (warehousing) industry segments.
- **Airfreight rates ramp up:** Airfreight rates grew sharply in 2Q20 as a result of reduced supply and increased demand for time sensitive deliveries of technology and medical equipment. This led to a +26% increase in revenue and +6% increase in EBITDA across the airfreight segment.

#### Industry revenue hit by COVID-19 lockdowns; margins remain resilient

Government restrictions globally have had a material impact on revenue for the majority of MFT's listed peers, with the lower average revenues in 2Q20 following four consecutive quarters of revenue decline. LTL experienced the largest revenue hit, whilst Airfreight services experienced revenue growth due to the high demand for higher yielding time-sensitive services and significant rate increases. Despite industry disruption, EBITDA margins have grown in all industry segments across MFT's listed peers. Airfreight margins experienced the largest increase, likely a function of tight supply due to COVID-19.

#### Implications for MFT

MFT has different geographic and business mix exposures to a number of its key global listed peers, however, it is reliant on many of the same broader macro and industry wide influences. We, therefore, believe that the financial performance of its peers provides a useful benchmark for analysing MFT's performance. Its strong 1Q21 results highlight its ability to win meaningful market share despite challenging market conditions.

**Mainfreight Ltd (MFT)**

 Priced as at 26 Aug 2020 (NZ\$) **47.50**

<b>12-month target price (NZ\$)*</b>	<b>47.00</b>
Expected share price return	-1.1%
Net dividend yield	1.5%
Estimated 12-month return	0.4%

<b>Key WACC assumptions</b>	
Risk free rate	2.00%
Equity beta	0.94
WACC	8.1%
Terminal growth	2.0%

<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	2,954.1	3,095.4	3,334.2	3,632.4	3,967.3
<b>Normalised EBITDA</b>	<b>257.0</b>	<b>281.0</b>	<b>432.4</b>	<b>480.7</b>	<b>533.2</b>
Depreciation and amortisation	(53.1)	(57.9)	(174.3)	(179.5)	(190.5)
<b>Normalised EBIT</b>	<b>203.9</b>	<b>223.2</b>	<b>258.1</b>	<b>301.2</b>	<b>342.7</b>
Net interest	(6.9)	(5.7)	(22.1)	(18.2)	(12.9)
Associate income	0	0	0	0	0
Tax	(53.0)	(29.4)	(66.8)	(79.0)	(92.3)
Minority interests	0	0	0	0	0
<b>Normalised NPAT</b>	<b>141.1</b>	<b>156.1</b>	<b>167.6</b>	<b>198.3</b>	<b>231.6</b>
Abnormals/other	3.5	(11.2)	0	0	0
<b>Reported NPAT</b>	<b>137.6</b>	<b>167.3</b>	<b>167.6</b>	<b>198.3</b>	<b>231.6</b>
Normalised EPS (cps)	140.1	155.0	166.5	196.9	230.0
DPS (cps)	56.0	59.0	65.0	78.8	92.0

<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	12.8	4.8	7.7	8.9	9.2
EBITDA (%)	19.3	9.3	53.9	11.2	10.9
EBIT (%)	21.7	9.4	15.7	16.7	13.8
Normalised NPAT (%)	25.7	10.6	7.4	18.3	16.8
Normalised EPS (%)	25.7	10.6	7.4	18.3	16.8
Ordinary DPS (%)	24.4	5.4	10.2	21.2	16.8

<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>257.0</b>	<b>281.0</b>	<b>432.4</b>	<b>480.7</b>	<b>533.2</b>
Working capital change	0	17.0	17.3	18.2	19.1
Interest & tax paid	(61.4)	(68.1)	(88.9)	(97.2)	(105.2)
Other	1.7	(29.8)	(24.3)	(25.2)	(26.1)
<b>Operating cash flow</b>	<b>197.4</b>	<b>200.2</b>	<b>336.5</b>	<b>376.5</b>	<b>421.0</b>
Capital expenditure	(103.3)	(160.0)	(80.0)	(165.0)	(135.0)
(Acquisitions)/divestments	14.0	5.0	5.0	5.0	5.0
Other	0.1	0	(105.7)	(111.0)	(116.5)
<b>Funding available/(required)</b>	<b>108.3</b>	<b>45.1</b>	<b>155.9</b>	<b>105.5</b>	<b>174.5</b>
Dividends paid	(48.3)	(59.4)	(65.5)	(79.3)	(92.6)
Equity raised/(returned)	0	0	0	0	0
<b>(Increase)/decrease in net debt</b>	<b>59.9</b>	<b>(14.3)</b>	<b>90.4</b>	<b>137.2</b>	<b>198.4</b>

<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Working capital	74.5	81.3	97.9	106.6	116.4
Fixed assets	666.6	776.6	774.2	853.2	896.8
Intangibles	270.0	284.7	299.7	314.7	329.7
Right of use asset	0	615.3	646.0	678.3	712.2
Other assets	61.7	91.1	88.3	88.3	88.3
<b>Total funds employed</b>	<b>1,072.8</b>	<b>1,848.9</b>	<b>1,906.0</b>	<b>2,041.1</b>	<b>2,143.5</b>
Net debt/(cash)	123.5	151.6	67.0	(70.2)	(268.6)
Lease liability	0	626.9	658.2	691.1	725.7
Other liabilities	111.0	104.1	104.5	104.5	104.5
Shareholder's funds	838.3	966.3	1,076.3	1,315.7	1,581.9
Minority interests	0	0	0	0	0
<b>Total funding sources</b>	<b>1,072.8</b>	<b>1,848.9</b>	<b>1,906.0</b>	<b>2,041.1</b>	<b>2,143.5</b>

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

<b>Spot valuations (NZ\$)</b>		
1. DCF		43.08
2. PE relative		45.22
3. n/a		n/a

<b>DCF valuation summary (NZ\$m)</b>		
Total firm value		6,527
(Net debt)/cash		(159)
Less: Capitalised operating leases		(2,029)
Value of equity		4,338

<b>Valuation Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EV/EBITDA (x)	19.2	17.5	11.3	10.1	9.1
EV/EBIT (x)	24.2	22.1	19.0	16.1	14.2
PE (x)	33.9	30.6	28.5	24.1	20.7
Price/NTA (x)	8.4	7.0	6.2	4.8	3.8
Free cash flow yield (%)	2.0	0.8	5.4	4.4	6.0
Net dividend yield (%)	1.2	1.2	1.4	1.7	1.9
Gross dividend yield (%)	1.6	1.7	1.9	2.3	2.7

<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Interest cover EBIT (x)	29.7	39.4	11.7	16.6	26.6
Interest cover EBITDA (x)	37.4	49.6	19.6	26.5	41.5
Net debt/ND+E (%)	12.8	13.6	5.9	-5.6	-20.5
Net debt/EBITDA (x)	0.5	0.5	0.2	n/a	n/a

<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Return on assets (%)	13.6	9.7	10.9	11.9	12.9
Return on equity (%)	16.8	16.2	15.6	15.1	14.6
Return on funds employed (%)	8.5	9.0	13.6	14.0	14.3
EBITDA margin (%)	8.7	9.1	13.0	13.2	13.4
EBIT margin (%)	6.9	7.2	7.7	8.3	8.6
Capex to sales (%)	3.5	5.2	2.4	4.5	3.4
Capex to depreciation (%)	194	277	46	92	71
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	40	38	39	40	40

<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>Revenue (NZ\$m)</b>					
New Zealand	719	753	776	834	897
Australia	761	797	913	1,007	1,089
USA	725	762	788	858	947
Asia	109	95	129	153	172
Europe	640	689	729	780	862
<b>Total</b>	<b>2,954</b>	<b>3,095</b>	<b>3,334</b>	<b>3,632</b>	<b>3,967</b>

<b>EBITDA (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
New Zealand	110.6	115.9	144.0	156.7	169.6
Australia	59.3	65.0	135.0	151.6	166.4
USA	38.3	43.3	53.2	60.4	69.6
Asia	9.3	6.0	12.8	16.1	18.9
Europe	39.6	50.8	87.5	95.9	108.7
<b>Total</b>	<b>257.0</b>	<b>281.0</b>	<b>432.4</b>	<b>480.7</b>	<b>533.2</b>
NZDAUD	0.92	0.95	0.92	0.90	0.89
NZDUSD	0.68	0.65	0.64	0.65	0.65
NZDEUR	0.59	0.58	0.56	0.57	0.56

NOTE: IFRS 16 implemented from FY21

## Industry backdrop

Freight company results for the second quarter of 2020 shows there has been a material and widespread reduction in sector activity due to the impact of COVID-19. This follows a gradual decline in prior quarters. The average industry growth (average of the headline result provided by MFT's listed peer companies) was -9% in 2Q20, down from -1% in 1Q20.

## COVID-19 quotes and commentary

In their second quarter earnings releases and accompanying conference calls, MFT's peers provided further insight into the impact of COVID-19, in addition to commentary on the outlook and recovery path. The comments highlight that the second quarter was materially impacted by COVID-19, but almost all companies are beginning to see some recovery in volumes through the start of the third quarter.

**Figure 1. MFT's peers COVID-19 quotes from 2Q20 earnings releases and conference calls**

	2Q20 quotes and commentary	Outlook quotes and commentary
Old Dominion Freight Line	<ul style="list-style-type: none"> <li>▶ On a sequential basis, LTL shipments per day decreased 15.7% in April as compared to March 2020. Shipments per day then increased 9.7% from April to May and increased 7.1% from May to June. The sequential acceleration in shipments and revenue has continued into July.</li> </ul>	<ul style="list-style-type: none"> <li>▶ While the economy is still recovering,.. The sequential acceleration in shipments and revenue has continued into July... and we are cautiously optimistic that this accelerating trend can continue.</li> <li>▶ While certain challenges will likely continue until the economy recovers, we believe there will be long-term changes to supply chains that should create opportunities for the LTL industry.</li> </ul>
ArcBest	<ul style="list-style-type: none"> <li>▶ April was a rough month, it really did not contribute much in terms of operating profit to the quarter. And certainly, June was a much greater contributor to the quarter's profit.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We feel like the momentum as we ended the quarter was certainly improved from where we were when we released our first quarter results.</li> </ul>
XPO Logistics	<ul style="list-style-type: none"> <li>▶ COVID-19 clearly dominated the second quarter of 2020. Revenues bottomed in April and have been recovering ever since.</li> </ul>	<ul style="list-style-type: none"> <li>▶ We expect the third and fourth quarters to be much stronger than Q2, and we are enthusiastic about our longer-term prospects.</li> </ul>
Saia	<ul style="list-style-type: none"> <li>▶ Some days, you'd say, wow, it seems to be doing well, then you got a little bit of a pullback, maybe there's a pandemic uptick or perhaps that customer is restocked.</li> </ul>	
JB Hunt		<ul style="list-style-type: none"> <li>▶ While still too early to call, at least we have some potential signs of inflection in the demand curve.</li> </ul>
CH Robinson	<ul style="list-style-type: none"> <li>▶ Our second quarter gross revenues decreased 7.2% compared to the same quarter last year, primarily due to lower pricing in our truckload and LTL service lines.</li> </ul>	<ul style="list-style-type: none"> <li>▶ From a volume perspective, we are seeing recovery in some of the industry segments that were hardest hit in the second quarter.</li> </ul>
Forward Air Corp	<ul style="list-style-type: none"> <li>▶ So in April, we were down 26.6% in year-over-year daily tonnage. In May, we were down 13%. And in June, we were down 9%.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Quarter-to-date, which is nearly all of July, we are up 1.5%. So we've inflected, we've turned a corner.</li> </ul>
Hub Group	<ul style="list-style-type: none"> <li>▶ As anticipated, the second quarter proved to be very challenging as revenue decreased by 15% year-over-year. All of our business lines declined in revenue due to soft demand, coupled with pricing pressures.</li> </ul>	<ul style="list-style-type: none"> <li>▶ For the business as a whole, we do expect margins will come down sequentially, closer to that kind of that Q1 number.</li> </ul>

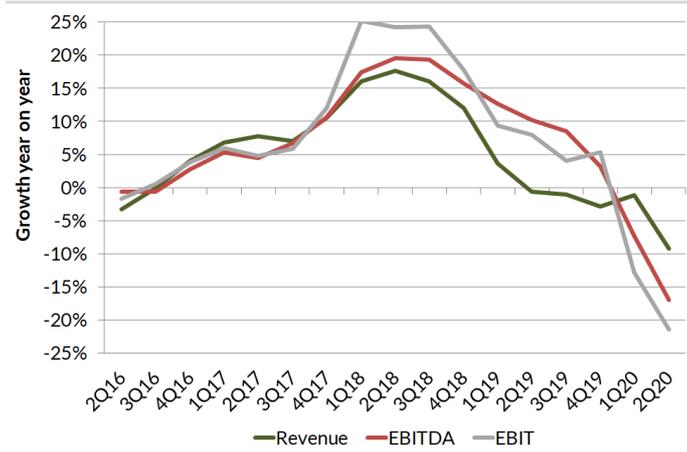
Source: Company reports, Eikon, Forsyth Barr analysis

## Revenue decline amplified by COVID-19

Industry revenue has experienced a decline for the fifth consecutive quarter in 2Q20, with the growth deceleration that has been evident in the industry since late-2016 to early-2018 period being amplified by the impact of COVID-19. The LTL and seafreight segments have experienced the largest declines, down -8% and -6% against the same quarter last year respectively, whilst logistics revenue also fell, down -3% on last year. However, airfreight experienced a material increase in revenue in 2Q20, up +26% on the same period last year, a function of limited supply and the demand for more expensive time sensitive services increasing.

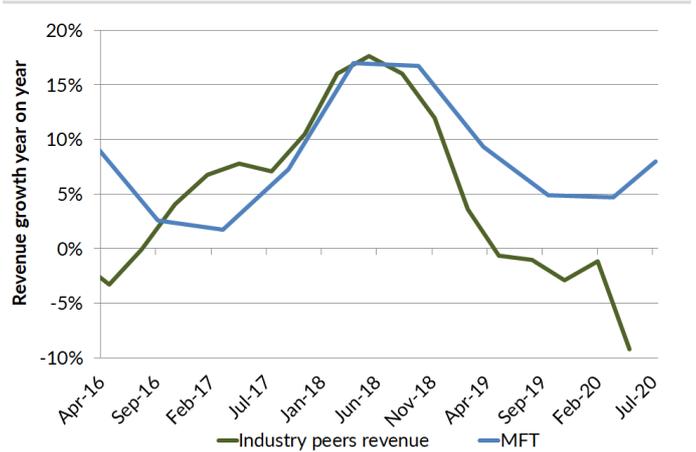
Despite MFT having a different geographic and service mix to its global peers, it remains exposed to the same broader macro drivers. As shown in Figure 3, MFT's performance has historically been strongly correlated to that of its global peers, albeit in the latest quarter MFT significantly outperformed.

Figure 2. Average quarterly revenue of listed peers



Source: Company reports, Forsyth Barr analysis

Figure 3. MFT vs industry peers

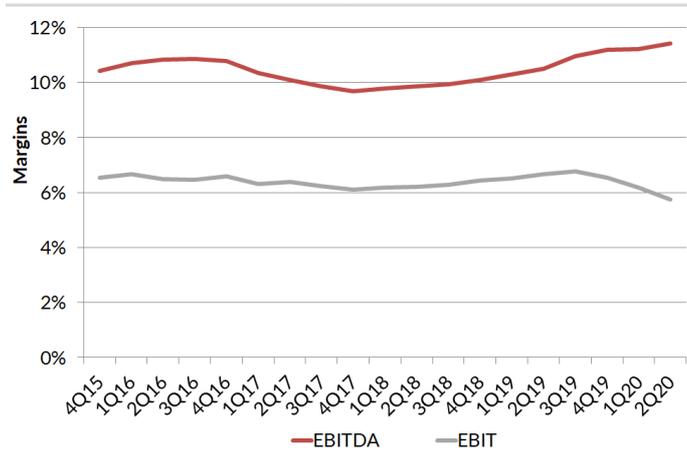


Source: Company reports, Forsyth Barr analysis

## Margins largely resilient

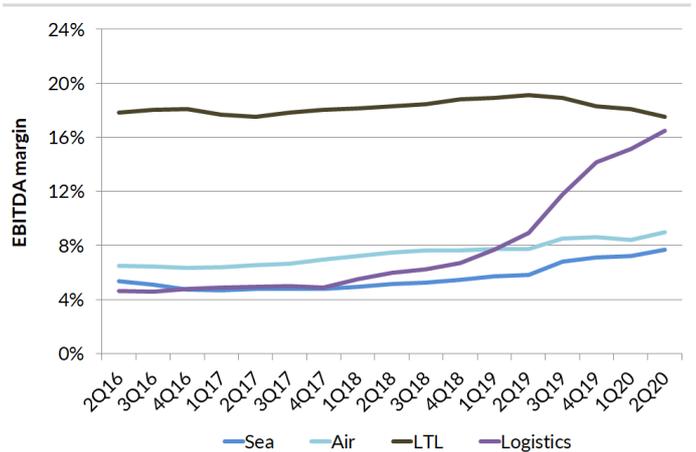
MFT's global listed peers reported EBITDA margin growth in 2Q20, despite the reduced activity as a result of COVID-19, though investors need to be wary of the impact of IFRS 16 (accounting for leases) on like-for-like margin comparison. Less-than-truckload (LTL) margins remain the most appealing in the market, closely followed by Logistics (warehousing), albeit logistics has had a disproportionately large benefit as a result of IFRS 16 changes. EBIT margins, which are less impacted by IFRS 16, were down on the prior year, driven by margin compression in the LTL and logistics segments. MFT's corresponding 1Q21 margin expansion highlights the company's strong performance.

Figure 4. 12-month rolling peer group margins



Source: Company reports, Forsyth Barr analysis

Figure 5. 12-month rolling margins by industry sector



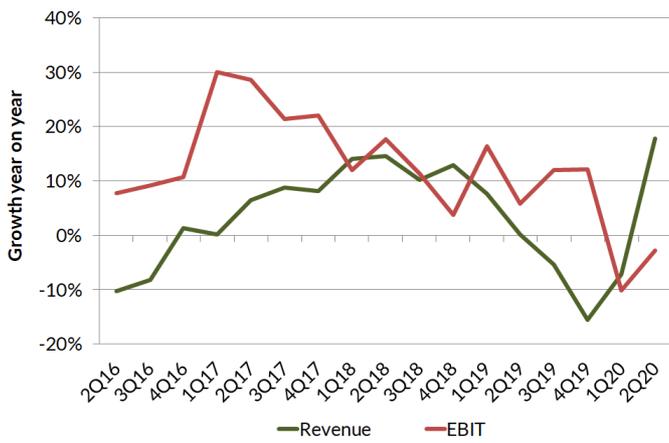
Source: Company reports, Forsyth Barr analysis

### Airfreight margins up sharply

Both air and sea forwarding have experienced margin improvement in 2Q20, air freight in particular given high demand and low supply of air freight capacity. Air and sea freight also experienced a meaningful increase in revenue for the first time since 1Q19.

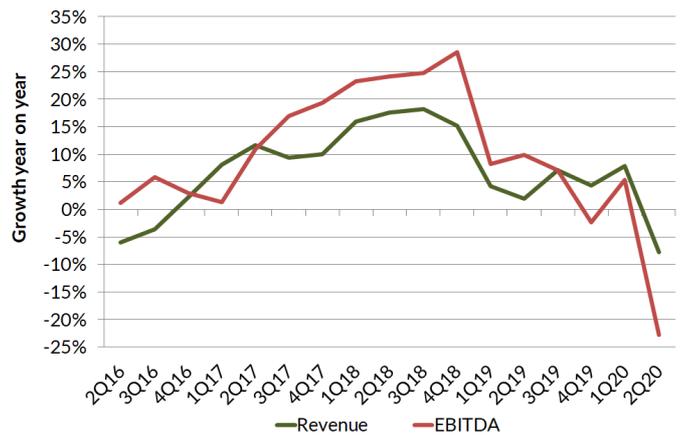
The LTL industry segment experienced revenue decline in 2Q20 for the first time since 3Q16. Margins in the sector continue to remain the most attractive in the industry.

**Figure 6. Growth in air and sea sector**



Source: Company reports, Forsyth Barr analysis

**Figure 7. Growth in LTL sector**

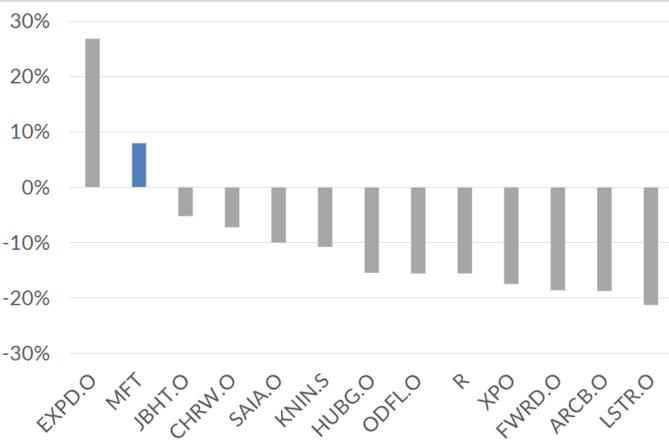


Source: Company reports, Forsyth Barr analysis

### Mainfreight outperforms peers

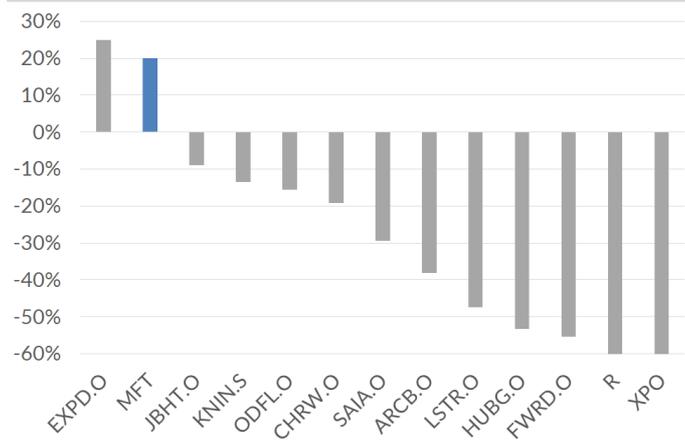
MFT's result, when compared to the results of its peers, highlights its continued ability to outperform the industry. MFT revenue was up ~+8% in its 1Q21, with all relevant listed peers, apart from Expeditors International (EXPD.O, which benefited from airfreight price increases), experiencing revenue decline. MFT's profit before tax growth of ~+20% is very impressive relative to its peers.

**Figure 8. Comparative quarter revenue growth**



Source: Company reports, Forsyth Barr analysis

**Figure 9. Comparative quarter pre-tax profit growth**



Source: Company reports, Forsyth Barr analysis

NOTE: Ryder Systems (R) and XPO Logistics (XPO) made a PBT loss in 2Q20

## Our analysis

We have analysed the 2Q20 results reported by relevant global listed peers of MFT. We have made an effort to remove impacts of material M&A in order to ensure a like-for-like comparison between companies and periods. IFRS 16 has had a material impact on some margins, especially in the logistics sector, and we factor this into our conclusions.

Where divisional disclosure allows we segment each company's results to provide a view on each market sector.

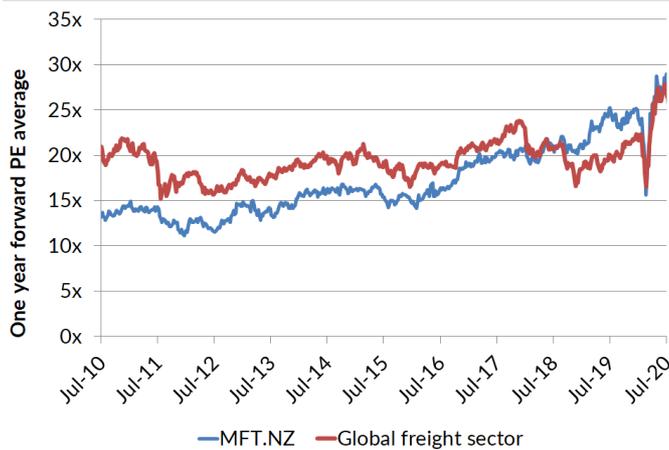
Listed industry peers included in our analysis are:

- Old Dominion Freight Line (ODFL.O)
- ArcBest (ARCB.O)
- Saia (SAIA.O)
- DSV (DSV.CO)
- Kuehne und Nagel (KNIN.S)
- Expeditors International (EXPD.O)
- CH Robinson (CHRW.O)
- JB Hunt (JBHT.O)
- Forward Air Corp (FWRD.O)
- XPO Logistics (XPO)
- Hub Group (HUBG.O)
- Ryder Systems (R)
- Landstar System (LSTR.O)

## Valuation comparison

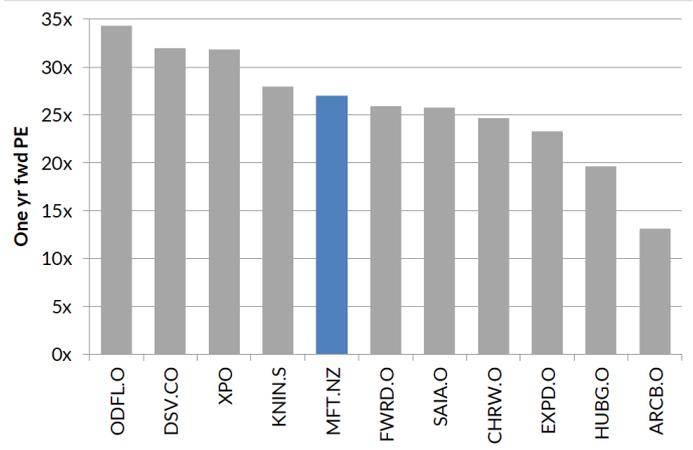
MFT is currently trading at ~26x one year forward PE, placing it above the combined average of its global industry peers (Figure 10), however, its closest (albeit larger) peers ODFL, DSV and KNIN are all trading at a valuation premium to MFT (Figure 11). The premium MFT trades at, to the average of its peers, reflects its high quality characteristics, track record, and recent growth trends.

Figure 10. MFT vs average of industry peers



Source: Eikon, Forsyth Barr analysis

Figure 11. MFT global peer valuations



Source: Eikon, Forsyth Barr analysis

## Investment Summary

Mainfreight (MFT) is a leading New Zealand business international success story. As a result, it is an attractive growth company that has an enviable track record and significant opportunities ahead to further expand its market presence internationally. MFT will face significant headwinds as a result of the COVID-19 pandemic, however, we believe its operational strengths and current business momentum will help it recover strongly and gain market share out the other side. **OUTPERFORM.**

### Business quality

- **The Mainfreight Way:** MFT does things its way. It has a strong culture promotion from within, sharing bonuses, open plan offices, whiteboard openness, weekly profits, and an endless emphasis on quality. It is a heavy investor in its people.
- **Quality focus:** MFT is a best-in-class operator with a commitment to quality, and a history of market share gains in multiple geographies.
- **Owner-drivers:** MFT operates an owner-driver (OD) model in most of its freight forwarding operations (ex-Europe). OD is an asset light model which tends to benefit from high driver productivity.

### Earnings and cashflow outlook

- **Economic growth:** Local economic conditions dictate market growth levels, excess capacity and industry pricing dynamics. Notwithstanding market share gains as a key driver of growth, it is still a cyclical business.
- **Operating leverage:** Increasing levels of network intensity offer margin benefits from scale economies and network expansion opportunities.
- **Offshore:** Above average earnings growth will be increasingly driven from offshore businesses in the US, Europe and Australia, given MFT's domestic operations are maturing.

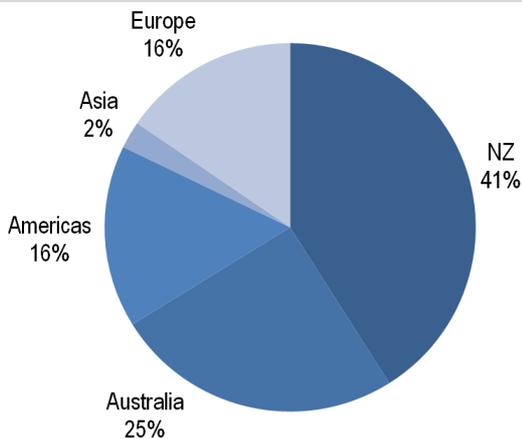
### Financial structure

- **Capital management:** MFT is a growth business that likes to reinvest profit. Its dividend pay-out has been consistently ~40% for the past 20 years. The company will lift its capex outlay over the next few years as it secures strategic land and buildings in key sites across Australasia.

### Risk factors

- **Acquisitions:** History suggests that MFT is not as good at due diligence as it is at operating a freight and logistics business.
- **Disruptive technology:** Freight forwarders leverage the inefficiencies in the freight supply chain. New technologies may lower supply chain costs, therefore, increasing competition.

Figure 12. EBITDA split (FY20)



Source: Forsyth Barr analysis

Figure 13. Group EBIT margin development



Source: Forsyth Barr analysis

**Figure 14. Price performance**


Source: Forsyth Barr analysis

**Figure 15. Substantial shareholders**

Shareholder	Latest Holding
Rorohora No. 2 Trust	16.3%
Harbour Asset Management & Jarden Securities Limited	5.6%
Fisher Funds Management	5.1%

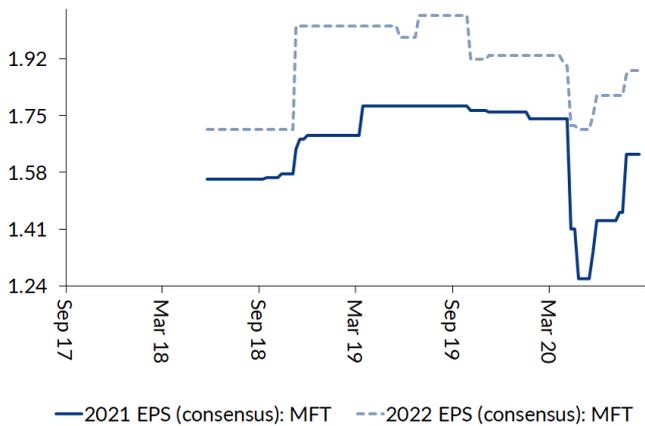
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 16. International valuation comparisons**

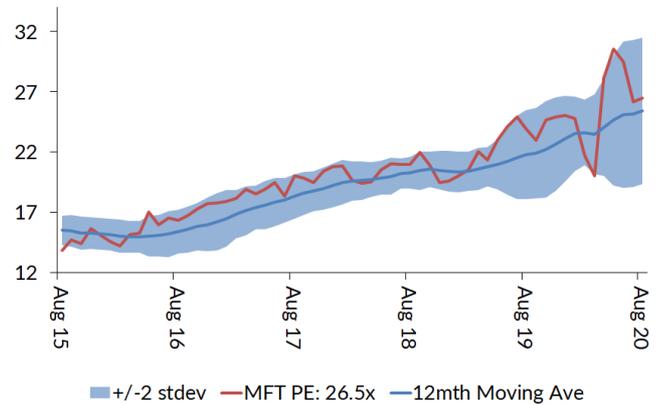
Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 2022E
				2021E	2022E	2021E	2022E	2021E	2022E	
Mainfreight	MFT NZ	NZ\$47.50	NZ\$4,783	28.5x	24.1x	11.4x	10.3x	19.1x	16.4x	1.7%
FREIGHTWAYS *	FRE NZ	NZ\$7.34	NZ\$1,214	19.3x	16.9x	8.9x	8.2x	13.8x	12.0x	4.4%
OLD DOMINION FREIGHT LINE	ODFL US	US\$197.67	US\$23,193	37.3x	31.5x	20.4x	17.9x	27.2x	23.4x	0.3%
DSV PANALPINA A/S	DSV DC	kr961.40	kr221,122	36.4x	29.2x	19.0x	16.5x	28.4x	22.8x	0.5%
C.H. ROBINSON WORLDWIDE INC	CHRW US	US\$96.55	US\$13,017	26.6x	23.0x	18.8x	16.6x	21.5x	18.9x	2.3%
KUEHNE + NAGEL INTL AG-REG	KNIN SW	CHF171.20	CHF20,544	30.3x	26.2x	13.0x	12.1x	23.1x	20.4x	2.6%
EXPEDITORS INTL WASH INC	EXPD US	US\$87.44	US\$14,660	24.1x	22.8x	16.0x	15.6x	17.1x	16.2x	1.3%
<b>Compcpo Average:</b>				<b>29.0x</b>	<b>24.9x</b>	<b>16.0x</b>	<b>14.5x</b>	<b>21.9x</b>	<b>18.9x</b>	<b>1.9%</b>
<b>MFT Relative:</b>				<b>-2%</b>	<b>-3%</b>	<b>-29%</b>	<b>-29%</b>	<b>-13%</b>	<b>-13%</b>	<b>-13%</b>

EV = Current Market Cap + Actual Net Debt

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

**Figure 17. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis, Bloomberg

**Figure 18. One year forward PE (x)**


Source: Forsyth Barr analysis

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