

Oceania Healthcare

NEUTRAL

1H20 Result — Rising Tide

Oceania Healthcare (OCA) has reported a solid 1H20 result, slightly ahead of our expectations in most areas, and delivered +15% EPS growth that was boosted by new sales volumes and margins. OCA continues to make progress in terms of its development activity and the transition of its older care portfolio; meanwhile, sentiment continues to lift on the back of an improved housing market. Our rating remains NEUTRAL.

What's changed?

- **Earnings:** FY21 up +1% and FY22 up +4%
- **Target Price:** Lifted from NZ\$1.08 to NZ\$1.24
- **Rating:** Remains NEUTRAL

Slightly better than expectations in most areas

1H20 underlying profit was NZ\$24.1m, up +17.6%. Gains were predominantly from its high priced and high margin sales at its premium Auckland villages, which led to a +70% lift in realised gains and a +26% increase in underlying EBITDA to NZ\$34.1m. The 1H20 dividend was up +10% to 2.3cps. Gearing was steady at 32%, as was the NAV at NZ\$1.15, with operating cash flow the standout at NZ\$57m, up +21%.

No earnings guidance but on track for a solid 2H20

OCA confirmed it is on track to deliver its target of 265 care suites and units in FY20, and demand indicators remain robust. With OCA continuing to sell down high priced and high margin Auckland stock in 2H20, we continue to expect solid EPS growth of ~15% in FY20.

Development and care transition progress

OCA is hitting development goals in terms of volume, margins and achieving consents, and is also transitioning its older aged care portfolio in line with previously stated objectives. OCA's large aged care operation has some defensive attributes, but remains low growth and this, combined with OCA moving to more regional (non-Auckland) developments, will make it difficult to sustain the FY20 growth rate into FY21 and FY22.

Forecast changes

We have lifted medium to longer term earnings slightly due to higher average resales pricing and stronger prices for care suites. We have also lifted resales and news sales margins for care suites. There is evidence in this result of a lift in demand for OCA's unique care suite product. Underlying profit forecasts have lifted by +1% in FY21 and +4% in FY22. As a result, and from the time value of money impact since our last update, our DCF valuation has lifted from NZ\$1.03 to NZ\$1.18. Our target price is NZ\$1.24, up from NZ\$1.08.

Investment View

OCA has future growth prospects centred on brownfield expansion and land bank acquisitions. A strong 'needs based' portfolio gives OCA a defensive earnings profile, which should provide a level of resilience when we see a downturn in the residential housing market. Compared to its peers it has an older and diverse portfolio mix which provides some challenges and opportunities. NEUTRAL.

NZX Code	OCA
Share price	NZ\$1.31
Target price	1.24
Risk rating	High
Issued shares	610.3m
Market cap	NZ\$799m
Avg daily turnover	556.6k (NZ\$596k)

Share Price Performance



Financials: Jan/	19A	20E	21E	22E
NPAT* (NZ\$m)	50.2	57.7	62.1	66.9
EPS* (NZc)	8.3	9.5	10.2	11.0
EPS growth* (%)	-4.0	14.5	7.6	7.7
DPS (NZc)	4.7	5.2	5.6	6.0
Imputation (%)	0	0	0	0

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	9.9	8.5	8.2	7.6
EV/EBIT	11.7	10.0	9.5	8.8
PE	15.9	13.8	12.9	11.9
Price / NTA	1.3	1.3	1.2	n/a
Cash div yld (%)	3.6	4.0	4.3	4.6
Gross div yld (%)	3.6	4.0	4.3	4.6

*Historic/forecast numbers based on normalised profits

Jeremy Simpson, CFA

jeremy.simpson@forsythbarr.co.nz

+64 9 368 0022

Oceania Healthcare Limited (OCA)

Priced as at 24 Jan 2020 (NZ\$)

1.31
12-month target price (NZ\$)*
1.24
Spot valuations (NZ\$)

Expected share price return	-5.3%	1. DCF	1.18
Net dividend yield	4.2%	2. n/a	n/a
Estimated 12-month return	-1.2%	3. n/a	n/a

Key WACC assumptions

Risk free rate	2.00%
Equity beta	0.88
WACC	7.7%
Terminal growth	1.5%

DCF valuation summary (NZ\$m)

Total firm value	1,006.2
(Net debt)/cash	(247.4)
Less: Capitalised operating leases	-
Value of equity	758.8

Profit and Loss Account (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
Sales revenue	222	234	263	279	294
Normalised EBITDA	64	63	73	78	83
Depreciation and amortisation	(9)	(10)	(11)	(11)	(11)
Normalised EBIT	55	54	62	66	72
Net interest	(3)	(3)	(4)	(4)	(5)
Associate income	-	-	-	-	-
Tax	-	-	-	-	-
Minority interests	-	-	-	-	-
Normalised NPAT	52	50	58	62	67
Abnormals/other	25	(5)	-	-	-
Reported NPAT	77	45	58	62	67
Normalised EPS (cps)	8.6	8.3	9.5	10.2	11.0
DPS (cps)	4.7	4.7	5.2	5.6	6.0

Valuation Ratios

	2018A	2019A	2020E	2021E	2022E
EV/EBITDA (x)	9.9	9.9	8.5	8.2	7.6
EV/EBIT (x)	11.5	11.7	10.0	9.5	8.8
PE (x)	15.2	15.9	13.8	12.9	11.9
Price/NTA (x)	1.5	1.3	1.3	1.2	1.2
Free cash flow yield (%)	-6.1	-10.5	0.3	0.5	0.8
Net dividend yield (%)	3.6	3.6	4.0	4.3	4.6
Gross dividend yield (%)	3.6	3.6	4.0	4.3	4.6

Capital Structure

	2018A	2019A	2020E	2021E	2022E
Interest cover EBIT (x)	19.6	15.4	15.7	15.2	14.8
Interest cover EBITDA (x)	22.7	18.1	18.5	17.7	17.1
Net debt/ND+E (%)	21.9	28.9	30.7	32.0	33.3
Net debt/EBITDA (x)	2.4	3.9	3.8	4.0	4.1

Growth Rates

	2018A	2019A	2020A	2021A	2022A
Revenue (%)	15.2	5.3	12.3	6.4	5.3
EBITDA (%)	76.4	-0.7	15.1	6.6	6.8
EBIT (%)	94.6	-2.2	14.9	7.8	7.9
Normalised NPAT (%)	n/a	-3.6	15.1	7.6	7.7
Normalised EPS (%)	n/a	-4.0	14.5	7.6	7.7
Ordinary DPS (%)	n/a	0.0	10.7	7.6	7.7

Key Ratios

	2018A	2019A	2020E	2021E	2022E
Return on assets (%)	4.8	3.8	3.9	3.7	3.6
Return on equity (%)	9.7	8.2	9.3	9.5	9.9
Return on funds employed (%)	8.7	6.8	16.2	15.9	15.9
EBITDA margin (%)	28.7	27.0	27.7	27.8	28.2
EBIT margin (%)	24.7	22.9	23.5	23.8	24.4
Capex to sales (%)	59.1	74.2	57.2	54.4	53.7
Capex to depreciation (%)	1,490	1,818	1,356	1,373	1,427
Imputation (%)	0	0	0	0	0
Pay-out ratio (%)	55	57	55	55	55

Cash Flow (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
EBITDA	64	63	73	78	83
Working capital change	21	29	84	83	86
Interest & tax paid	(2)	(3)	(4)	(4)	(5)
Other	-	-	-	-	-
Operating cash flow	82	89	153	156	164
Capital expenditure	(131)	(173)	(150)	(152)	(158)
(Acquisitions)/divestments	0	20	-	-	-
Other	-	1	-	-	-
Funding available/(required)	(49)	(63)	3	4	6
Dividends paid	(13)	(28)	(32)	(34)	(37)
Equity raised/(returned)	-	-	-	-	-
(Increase)/decrease in net debt	(61)	(92)	(29)	(30)	(31)

Operating Performance

	2018A	2019A	2020E	2021E	2022E
Revenue (NZ\$m)*					
Care fees	159.6	161.7	176.8	186.6	192.9
Management fees	23.0	25.7	31.3	37.4	43.7
Other	1.4	2.2	2.3	2.4	2.4

Fair value m'tment in Investment Property (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
Unrealised	-	-	-	-	-
Realised	38.0	44.3	52.2	53.0	55.1
Total revenue	222.0	233.9	262.6	279.3	294.2

*Pro-forma for 2016A

Balance Sheet (NZ\$m)

	2018A	2019A	2020E	2021E	2022E
Working capital	(5)	5	3	3	4
Fixed assets	756	882	1,073	1,267	1,469
Intangibles	17	9	9	9	9
Right of use asset	-	-	-	-	-
Other assets	323	443	443	443	443
Total funds employed	1,091	1,338	1,527	1,721	1,924
Net debt/(cash)	150	247	277	307	338
Lease liability	-	-	-	-	-
Other liabilities	404	481	627	763	909
Shareholder's funds	537	610	624	651	677
Minority interests	-	-	-	-	-
Total funding sources	1,091	1,338	1,527	1,721	1,924

Key Drivers

	2018A	2019A	2020E	2021E	2022E
Sales - new NZ units	100	133	160	160	160
Ave unit price - new sales (NZ\$00)	629	609	704	719	740
Ave new unit price inflation (%)	44.0	-3.2	15.6	2.2	3.0
Sales - resold units	180	177	221	275	334
Ave unit price - resales (NZ\$000)	337	348	344	353	364
Ave resold unit price inflation (%)	10.2	3.2	-1.0	2.5	3.0
Gross development margin (%)	33.5	36.0	31.0	27.0	24.0
Gross resales margin (%)	27.9	24.4	22.7	22.6	22.0

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

1H20 result — key points of interest

Development wins, plus ongoing aged care transition

OCA has reported a result slightly stronger in most areas than we were forecasting. 1H20 underlying net profit after tax (NPAT), which strips out unrealised revaluation gains and deferred tax, was NZ\$24.1m, up +17.6%. Gains were predominantly from its high priced and high margin new sales at its premium Auckland villages.

Points of interest:

- **Steady care result** — underlying care revenues were flat, as was occupancy of mature facilities at ~94% while care EBITDA declined on higher operating costs but was offset to a certain degree by care suite sales gains.
- **Management fee of +13%** — portfolio growth, higher pricing and more care suites.
- **Realised development gains of NZ\$18.7m** — well up on the pcp and ahead of forecasts, boosted by strong development volumes and margins of 36% compared to 29.5% in the pcp. Resales were 102 units and combined with stable resale vacancy, solid demand for OCA's retirement and care suite product remains in place.
- **Operating cash flow was strong at NZ\$57m, up +21%**
- **The NAV was NZ\$1.15 flat on NZ\$1.14 at FY19** — this was up on the NZ\$1.06 from 12 months ago. Revaluation gains across the retirement units were offset by aged care write downs. Gearing lifted slightly to 31.8%.
- **No earnings guidance but development activity on track for FY20 build guidance of 265 units and beds** — in 1H20 OCA completed 90 care suites in Hamilton and 10 villas in Whitianga and started its 49 apartment extension at Eden in Auckland.

Figure 1. 1H20 Results Summary (NZ\$m)

Six months ending 30 November	1H19	1H20	Change	Forbar	Comments
Revenue					
Care fees	82.3	81.5	-1%	84.1	Steady
Management fees / other	14.1	15.9	13%	16.7	Portfolio expansion
Realised value movement	15.8	26.9	70%	24.0	Strong new sales and margins
Total revenue	116.4	124.3	7%	124.7	
Total costs	89.3	90.2	1%	94.2	Lower cost inflation than expected
Total EBITDA	27.1	34.1	26%	30.5	
Depreciation	4.3	7.2		5.4	New care facilities
EBIT	22.8	26.9	18%	25.1	
Net interest	(1.9)	(2.8)		-2.2	
EBT	20.9	24.1	15%	22.9	
Tax	0	0		0.0	
Normalised or underlying profit	20.9	24.1	16%	22.9	
Unrealised value move, deferred tax, other	(19.6)	(9.2)			
Reported profit (NZ IFRS)	1.3	14.9			
EPS (cents)	3.5	4.0	15%	3.8	
1H DPS (cents)	2.1	2.3	10%	2.3	58% pay-out of underlying profit

Source: Forsyth Barr analysis

OCA lifted its interim dividend by +10% to 2.3cps, a 58% pay-out ratio of underlying NPAT for the period. The record date is 10 February and payment is on 24 February.

Figure 2. Balance sheet summary

As at 30 November	1H19	1H20	Change
Total Assets	1208.8	1496.5	24%
Net Debt	196.4	273.3	39%
Shareholders Equity	541.0	618.2	14%
NAV	1.06	1.15	8%
Net Debt / (Net Debt + Equity)	27%	31%	15%

Source: Forsyth Barr analysis

Retirement village — strong volumes and margins

All key metrics in 1H20 were up strongly on the pcp and new sales and resales volumes were ahead of 2H19, as highlighted in Figure 3. New sales reflected the delivery of new retirement and care suite product over the last 12 months and resales growth reflects the expansion in the portfolio. Average pricing was a bit softer in 1H20 versus 2H19, reflective of the higher number of care suites. This also would have been a factor in margins being slightly lower than 2H19.

Figure 3. Sale of retirement village ORAs — price, volume and margins

	2H18	1H19	2H19	1H20	chg pcp	chg seq	Comments
New sales (units)	77	65	68	84	29%	24%	Solid increase in new sales
Resales (units)	111	79	98	102	29%	4%	Steady lift
Total	188	144	166	186	29%	12%	
New sales (\$m)	51.7	33.4	47.6	50.7	52%	7%	
Resales (\$m)	37.2	25.4	36.1	35.8	41%	-1%	
Total	88.9	58.9	83.7	86.5	47%	3%	
Avg. new sales price (\$000s)	671.1	514.0	699.3	603.1	17%	-14%	High care suite numbers
Avg. resales price (\$000s)	335.0	322.1	368.5	351.1	9%	-5%	High care suite numbers
Operating margins							
New sales – devel margin	32.9%	29.5%	40.7%	36.1%	6.6ppts	-4.6ppts	High margin premium sales
Resales margin	27.6%	23.4%	27.6%	23.9%	0.5ppts	-3.7ppts	Steady margins
New sales margin (\$m)	17.0	9.9	19.3	18.7	89%	-3%	
Resales margin (\$m)	10.3	5.9	9.1	8.2	39%	-9%	
Realised gain (\$m)	27.2	15.8	28.5	26.9	70%	-5%	

Source: Forsyth Barr analysis

Aged care — in transition

OCA continues to progress the upgrade of its large aged care portfolio and now has close to half of its beds considered to be premium beds i.e. either care suites or attracting a premium accommodation charge (PAC) if it is a regular aged care bed. The target remains a 70/30 mix. In 1H20, 90 new care suites were delivered, which is pleasing, with average occupancy across its facilities not impacted by development, being 94.2%, up from 92.4% in the pcp.

There is an earnings lag with the transition given the capex involved, the impact of taking beds off line for redevelopment, the upfront expenses associated with the opening of new care facilities, and also that premium charges are being switched for deferred management fees and resales gains when care fees are sold under an ORA. Proforma underlying EBITDA for the care operation fell from NZ\$13.6m in 1H19 to NZ\$9.5m, but is flat if you add back care suite development margin and resales margins in the period. Cost pressures continue to be a feature for the sector and OCA has the highest care operation as a percentage of its asset base in terms of the listed operators.

Development update

Care the Focus

In 1H20, OCA completed 90 care suites in Awatere (Hamilton), and 10 villas in Whitianga (Coromandel). Also in the period, construction commenced on the 49 apartment extension at Eden (Auckland), 63 apartments and community centre at Awatere Stage 2, and 113 care suites at Lady Allum Stage 1. With 11 of the Awatere located care suites already sold, demand is holding up well, a trend also evident with its premium care product at BayView (Tauranga), The Sands (Browns Bay), and Meadowbank (Auckland).

As was the case in FY19, with deliveries weighted to the 2H, OCA has signalled it is on track to meet its FY20 build guidance of 265 units/beds. 2H20 will see the completion of ~165 beds/units. This will be from Stage 5 of Meadow Bank (Auckland), Green Gables (Nelson), Graceland's (Hawkes Bay), Elderslea (Upper Hutt) and Woodlands (Motueka).

The build cycle not slowing

The pipeline at 1,388 net units (1,958 gross) is now ~87% consented and provides ~6 years at the targeted build rate of 250 units pa., hence, providing a strong degree of comfort around OCA meeting its delivery targets over the medium-term.

With a total of 557 suites and units currently under construction across 10 sites, development activity beyond FY20 will remain elevated, with OCA guiding to a FY21 build rate of c.240–250 units and beds, a historically consistent figure. It is worth noting, contrary to the care dominant deliveries in FY20, stock planned for completion in FY21 is expected to have a greater proportion of independent apartments, 74 of which are to come from Stage 2 at Bayview (Tauranga) and 93 at Stage 1 Windermere (Christchurch).

Figure 4. Development Pipeline and indicative future deliveries

Site	Stages	Gross		Net		Consented	Started Construction	Due for completion
		Residencies	Decom	Residencies				
Meadowbank, Auckland	Stage 5	26	0	26		Yes	Jan-19	FY20
	Stage 6	35	0	35		Yes		
Awatere, Hamilton	Stage 2	63	0	63		Yes	Nov-19	FY20
	Stage 3	71	106	(35)		Yes		
Green Gables, Nelson		89	0	89		Yes	Jun-18	FY20
The BayView, Tauranga	Stage 2	74	0	74		Yes	Jan-19	FY21
	Stages 3-5	161	29	132		Yes		
Windermere, Christchurch	Stage 1	93	0	93		Yes	Jan-19	FY21
	Stage 2	46	17	29		Yes		
Eden, Auckland	Expansion	49	0	49		Yes	Aug-19	FY21
Elderslea, Upper Hutt		12	0	12		Yes		FY20
Lady Allum, Auckland	Stage 1	113	143	(30)		Yes		
	Stage 2	69	0	69		Yes		
	Stage 3	68	0	68		Yes		
Gracelands	Stage 1	17	0	17		Yes	Jan-19	FY20
	Stage 2	15	0	15		Yes		FY20
	Stage 3	18	0	18		Yes		FY21
Eversley, Hastings		61	6	55		Yes		
Whitianga	Stage 2	8	0	8		Yes		FY21
Woodlands, Nelson		6	0	6		Yes		FY20
Elmwood, Auckland	Stage 1	142	30	112		Yes		
	Stage 2-3	229	139	90		Yes		
Waimarie Street, Auckland		107	0	107		Yes		
Other sites - consented		123	72	51		Yes		
Total consented / under construction		1,695	542	1,153		1,153		470
Years development at 250 units/beds pa				5				
Elmwood, Auckland	Stage 4	81	11	70		No		
Other sites - planned		182	17	165		No		
Total development pipeline		1,958	570	1,388				
Years development at 250 units/beds pa				6				

Source: Forsyth Barr analysis

Figure 5. Gross New Units Delivered, as at 30 November 2019

Units	1HY2018	2HY2018	1HY2019	2HY2019	1HY2020	2HY2020F	FY2021F	FY2022F onwards	Total
ILU's and SA's	25	76		113	10	104	171	973	1248
Care suites		30	81	78	90	61	71	578	710
Total	25	106	81	191	100	165	242	1,551	1,958

Source: Forsyth Barr analysis

Earnings and target price review

We have lifted medium to longer term earnings slightly on the back of a lift in average resales pricing and stronger new sales pricing for care suites. We have also lifted resales and news sales margins for care suites. There is evidence in this result of a lift in demand for OCA's somewhat unique care suite product.

Underlying profit forecasts have lifted slightly by +1% in FY21 and +4% in FY22. Our DCF valuation has lifted from NZ\$1.03 to NZ\$1.18 on the back of these changes and also from the time value of money impact since our last update. This has lifted our target price from NZ\$1.08 to NZ\$1.24. We remain with a NEUTRAL rating.

Investment summary

Oceania Healthcare (OCA) provides exposure to the strong industry dynamics in the retirement and aged care sectors. OCA has future growth prospects centred on brownfield expansion, land bank acquisitions and improving occupancy in its aged care business. Compared to its peers, it has an older and diverse portfolio mix which provides some challenges and opportunities. Our rating is NEUTRAL.

Earnings and cash flow outlook

- **New developments are critical to growth:** The timely development and sell down of significant new developments — The Sands and Meadowbank (Stages three & four) and filling its new care facility at The Bay View, Tauranga and Awatere, Hamilton.
- **Acquisition strategy:** OCA is looking to acquire additional land, dependent on opportunity and fit within the current portfolio, in order to enhance its earnings and its significant brownfield development pipeline.
- **Brownfield development:** OCA has over 1,600 units and beds consented/under construction in its pipeline; this includes approximately 550 currently underway.
- **Defensive income streams:** OCA has a strong focus on continuum of care with over 70% of its portfolio 'needs based'. Care fees are supported by government subsidies.

Business quality

- **Positive demographic trends:** OCA is benefiting from both the ageing population and growing popularity of retirement village living.
- **An integrated model:** Villages with care provide a resilient earnings base backed by government funding, as well as attracting older residents.

Financial structure

- **Balance sheet and dividends:** OCA's gearing is ~31% and is essentially all development related debt. It has a dividend pay-out rate of around 50%.

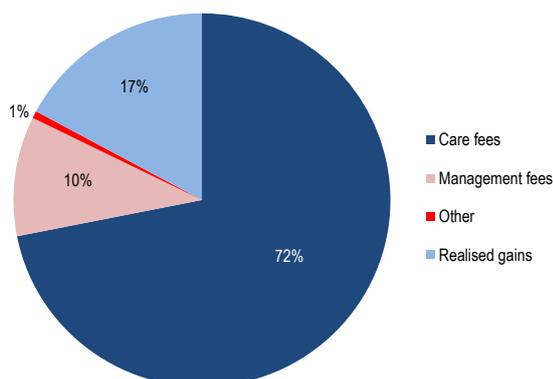
Risk Factors

- **Care occupancy:** Competition with quality beds and a focus on home-based support are providing headwinds for near-term occupancy. OCA's 94% occupancy is below listed peers, which reflects its older portfolio.
- **Oversupply:** The significant industry retirement unit development pipeline poses the threat of a potential short-term oversupply in some areas. This is offset by a likely shortage of quality beds.
- **Possible shareholding sell-down:** 42% of OCA is off escrow.

Company description

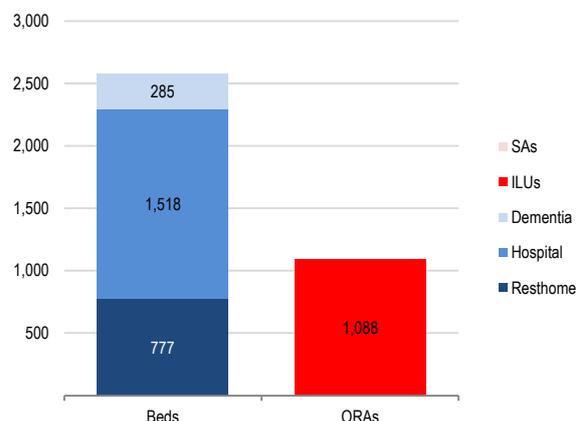
Oceania Healthcare was established in 2005 and listed on the NZX in May 2017. It is a large aged care and retirement sector operator with a heavily 'needs based' portfolio providing a full continuum of care. OCA has 44 facilities and with 2,112 beds, 542 care suites and 1,202 units. OCA is the third largest aged care operator in NZ and the sixth largest in terms of retirement village units. OCA has a consented brownfield development pipeline of over six years.

Figure 6. FY18 revenue mix



Source: Forsyth Barr analysis, Company reports

Figure 7. Portfolio summary as at 30-November 2018



Source: Forsyth Barr analysis, Company Reports

Figure 8. Substantial Shareholders

Shareholder	Latest Holding
Oceana Healthcare Holdings	41.7%

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

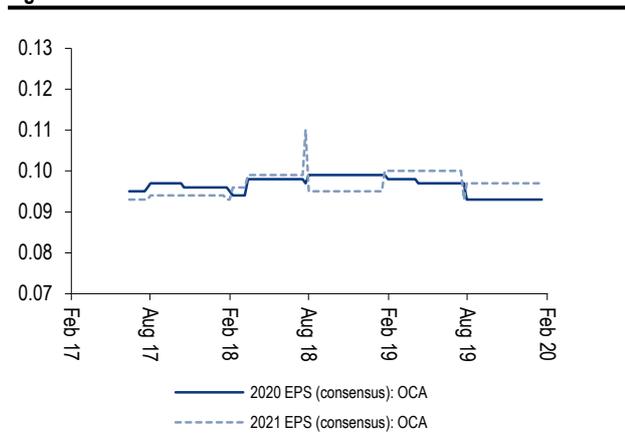
Figure 9. International Compco

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
<i>(metrics re-weighted to reflect OCA's balance date - May)</i>										
			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Oceania Healthcare	OCA NZ	NZ\$1.31	NZ\$799	13.8x	12.9x	14.4x	13.5x	17.0x	15.7x	4.3%
Ryman Healthcare *	RYM NZ	NZ\$16.50	NZ\$8,250	30.8x	26.3x	30.1x	26.0x	33.1x	28.2x	1.9%
Metlifecare *	MET NZ	NZ\$6.87	NZ\$1,465	16.2x	15.1x	17.6x	16.5x	18.7x	17.5x	1.7%
Summerset Group *	SUM NZ	NZ\$9.25	NZ\$2,098	18.5x	15.9x	19.1x	16.6x	20.2x	17.5x	1.9%
Arvida Group Limited *	ARV NZ	NZ\$1.85	NZ\$1,002	16.7x	14.9x	16.8x	13.8x	18.4x	15.2x	3.7%
Compco Average:				20.6x	18.1x	20.9x	18.2x	22.6x	19.6x	2.3%
OCA Relative:				-33%	-29%	-31%	-26%	-25%	-20%	+86%

EV = Current Market Cap + Actual Net Debt

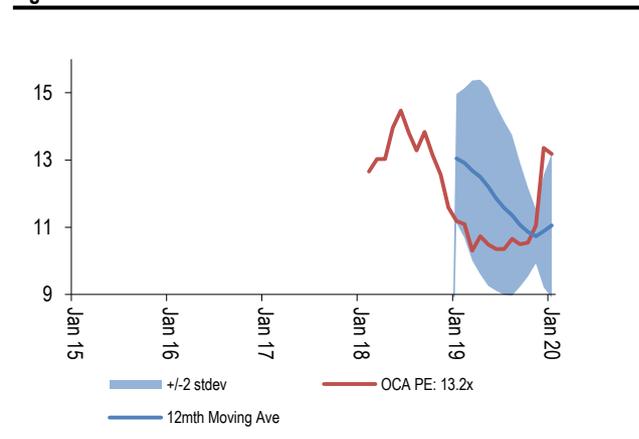
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (OCA) companies fiscal year end

Figure 10. Consensus EPS Momentum



Source: Forsyth Barr analysis, Bloomberg

Figure 11. 12 Month Forward PE



Source: Forsyth Barr analysis

Not personalised financial advice: The recommendations and opinions in this publication do not take into account your personal financial situation or investment goals. The financial products referred to in this publication may not be suitable for you. If you wish to receive personalised financial advice, please contact your Forsyth Barr Investment Adviser. The value of financial products may go up and down and investors may not get back the full (or any) amount invested. Past performance is not necessarily indicative of future performance. Disclosure statements for Forsyth Barr Investment Advisers are available on request and free of charge. **Disclosure:** Forsyth Barr Limited and its related companies (and their respective directors, officers, agents and employees) ("Forsyth Barr") may have long or short positions or otherwise have interests in the financial products referred to in this publication, and may be directors or officers of, and/or provide (or be intending to provide) investment banking or other services to, the issuer of those financial products (and may receive fees for so acting). Forsyth Barr is not a registered bank within the meaning of the Reserve Bank of New Zealand Act 1989. Forsyth Barr may buy or sell financial products as principal or agent, and in doing so may undertake transactions that are not consistent with any recommendations contained in this publication. Forsyth Barr confirms no inducement has been accepted from the researched entity, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication. **Analyst Disclosure Statement:** In preparing this publication the analyst(s) may or may not have a threshold interest in the financial products referred to in this publication. For these purposes a threshold interest is defined as being a holder of more than \$50,000 in value or 1% of the financial products on issue, whichever is the lesser. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the entity being researched. **Disclaimer:** This publication has been prepared in good faith based on information obtained from sources believed to be reliable and accurate. However, that information has not been independently verified or investigated by Forsyth Barr. Forsyth Barr does not make any representation or warranty (express or implied) that the information in this publication is accurate or complete, and, to the maximum extent permitted by law, excludes and disclaims any liability (including in negligence) for any loss which may be incurred by any person acting or relying upon any information, analysis, opinion or recommendation in this publication. Forsyth Barr does not undertake to keep current this publication; any opinions or recommendations may change without notice. Any analyses or valuations will typically be based on numerous assumptions; different assumptions may yield materially different results. Nothing in this publication should be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from doing so, or to engage in any other transaction. Other Forsyth Barr business units may hold views different from those in this publication; any such views will generally not be brought to your attention. This publication is not intended to be distributed or made available to any person in any jurisdiction where doing so would constitute a breach of any applicable laws or regulations or would subject Forsyth Barr to any registration or licensing requirement within such jurisdiction. **Terms of use:** Copyright Forsyth Barr Limited. You may not redistribute, copy, revise, amend, create a derivative work from, extract data from, or otherwise commercially exploit this publication in any way. By accessing this publication via an electronic platform, you agree that the platform provider may provide Forsyth Barr with information on your readership of the publications available through that platform.