

# Pacific Edge Patience Pays Off

**CHELSEA LEADBETTER CFA**  
 chelsea.leadbetter@forsythbarr.co.nz  
 +64 4 495 5262

## RESEARCH INSIGHTS

Pacific Edge (PEB) has ticked off two major milestones in recent weeks, which should support a step-change in revenue and importantly is instrumental to proving up the commercial model. Namely: (1) a positive coverage decision from key US public health insurer, CMS, and (2) a commercial agreement with Kaiser Permanente. Both have been painstakingly slow processes, however, are large, influential US customers, which provide a material credibility tick behind PEB's test and will likely help with commercial coverage momentum. The range of reasonable outcomes for the revenue trajectory remains very wide; however, recent announcements have de-risked the commercial model and the pathway to profitability is clearer.

NZX Code	PEB	Financials: Mar/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$0.58	NPAT* (NZ\$m)	-19.1	-10.9	0.7	12.6	EV/EBITDA	n/a	n/a	n/a	30.6
Issued shares	689.7m	EPS* (NZc)	-3.7	-1.6	0.1	1.8	EV/EBIT	n/a	n/a	n/a	31.6
Market cap	NZ\$400m	EPS growth* (%)	-1.0	57.8	n/a	n/a	PE	n/a	n/a	n/a	31.7
Avg daily turnover	611.1k (NZ\$140k)	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	20.7	n/a	n/a	23.8
		Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
		*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

### Two key transformational milestone events

- Commercial agreement signed with Kaiser:** It has been a long process (interactions started in c. 2015), but worth the wait. Details are scarce, but Kaiser is a large new customer for PEB which should be transformational for its revenue and profitability.
- Positive coverage decision from CMS:** Tests provided to patients covered by the key US public health insurer, CMS, will now be reimbursed; however, the ultimate ramp path for CMS revenue will be dictated by the number of tests ordered by urologists. We are cautious about the ramp path given usage levels is driven by a different decision maker (i.e. the clinician not the payor). There is also potential for a cash injection from tests provided to CMS patients prior to the positive coverage decision.

### Costs and cash

The model is highly scalable, in our view, and we expect to see considerable leverage to growing revenue helped by an attractive gross margin in the key US market (85-90%). We also account for a modest lift in SG&A costs in our forecasts, given it can now be justified, as we expect PEB will be looking to accelerate adoption.

The pathway to profitability appears clearer (and closer), and growth could now be self-sufficient (assuming some reimbursement from CMS for tests provided to their patients pre the coverage decision). Nonetheless, we cannot rule out the possibility of another capital raise particularly should the revenue ramp up (and time to cash) still take time, or PEB want to scale faster.

### What does the share price imply?

There remains a lot we don't know, with the range of reasonable outcomes, particularly for the revenue trajectory, still very wide. Putting that aside, the assumptions required to underpin current market pricing are not uncomfortable. However, there remains risk it takes longer than expected to deliver the required ramp in revenue, particularly in the near-term. Our analysis suggests the current market price (NZ\$0.58) implies:

- Using a DCF: PEB delivers a longer-term EBIT margin of 45% and revenue of NZ\$130m in our terminal year (FY30E). We view this margin as conservative, while the latter implies PEB secures ~7% of the US market revenue opportunity over the next 10 years.
- Using peer multiples: PEB reaching NZ\$40-50m of revenue in the near-term. For reference we forecast this level in FY23E.

**Pacific Edge (PEB)**

Priced as at 06 Jul 2020 (NZ\$)

0.58

**Research Insights**

Forsyth Barr Research Insights focuses on qualitative rather than quantitative assessments of an equity investment.

We do not provide valuation, target prices or investment ratings for companies in the Research Insights series. It is targeted at selected smaller cap stocks with typically higher risk attributes, or those under transitional coverage.

Our earnings and cashflow forecasts, together with key valuation and ratios provided on this page should assist investors in determining the relative valuation merits of the company.

<b>Profit and Loss Account (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	<b>Valuation Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Sales revenue	4.8	5.0	15.2	31.0	46.6	EV/EBITDA (x)	n/a	n/a	n/a	>100x	30.6
<b>Normalised EBITDA</b>	<b>(18.0)</b>	<b>(19.0)</b>	<b>(10.6)</b>	<b>1.1</b>	<b>12.9</b>	EV/EBIT (x)	n/a	n/a	n/a	>100x	31.6
Depreciation and amortisation	(0.2)	(0.4)	(0.4)	(0.4)	(0.4)	PE (x)	n/a	n/a	n/a	>100x	31.7
<b>Normalised EBIT</b>	<b>(18.2)</b>	<b>(19.4)</b>	<b>(11.0)</b>	<b>0.7</b>	<b>12.5</b>	Price/NTA (x)	20.5	20.7	>100x	96.1	23.8
Net interest	0.3	0.2	0.1	0.0	0.1	Free cash flow yield (%)	-4.4	-3.9	-2.7	0.0	2.7
Associate income	0	0	0	0	0	Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Tax	(0.0)	0	0	0	0	Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Minority interests	0	0	0	0	0						
<b>Normalised NPAT</b>	<b>(17.9)</b>	<b>(19.1)</b>	<b>(10.9)</b>	<b>0.7</b>	<b>12.6</b>	<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Abnormals/other	(0.0)	0.1	0	0	0	Interest cover EBIT (x)	56.4	77.9	>100x	n/a	n/a
<b>Reported NPAT</b>	<b>(17.9)</b>	<b>(19.0)</b>	<b>(10.9)</b>	<b>0.7</b>	<b>12.6</b>	Interest cover EBITDA (x)	55.8	76.2	>100x	n/a	n/a
Normalised EPS (cps)	(3.7)	(3.7)	(1.6)	0.1	1.8	Net debt/ND+E (%)	n/a	n/a	n/a	n/a	n/a
DPS (cps)	0	0	0	0	0	Net debt/EBITDA (x)	0.7	0.8	0.4	n/a	n/a
<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	3.6	3.1	>100	>100	50.2	Return on assets (%)	n/a	n/a	n/a	n/a	n/a
EBITDA (%)	n/a	n/a	n/a	n/a	>100	Return on equity (%)	n/a	n/a	n/a	n/a	n/a
EBIT (%)	n/a	n/a	n/a	n/a	>100	Return on funds employed (%)	n/a	n/a	n/a	n/a	n/a
Normalised NPAT (%)	n/a	n/a	n/a	n/a	>100	EBITDA margin (%)	-375.2	-383.2	-69.8	3.6	27.8
Normalised EPS (%)	n/a	n/a	n/a	n/a	>100	EBIT margin (%)	-379.3	-391.4	-72.4	2.3	26.9
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a	Capex to sales (%)	3.2	3.7	1.2	0.6	0.4
						Capex to depreciation (%)	131	53	51	51	51
<b>Cash Flow (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	Imputation (%)	0	0	0	0	0
<b>EBITDA</b>	<b>(18.0)</b>	<b>(19.0)</b>	<b>(10.6)</b>	<b>1.1</b>	<b>12.9</b>	Pay-out ratio (%)	0	0	0	0	0
Working capital change	0	0	(0.2)	(1.1)	(1.9)						
Interest & tax paid	0.4	0.2	0.1	0.0	0.1	<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Other	0.2	3.4	0.0	0	0	NZDUSD cross rate	0.69	0.65	0.64	0.64	0.65
<b>Operating cash flow</b>	<b>(17.5)</b>	<b>(15.4)</b>	<b>(10.7)</b>	<b>0.1</b>	<b>11.1</b>						
Capital expenditure	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	<b>US market assumptions (US\$)</b>					
(Acquisitions)/divestments	0	0	0	0	0	Test - average sale price	n/a	n/a	900	900	900
Other	0	0	0	0	0	Cost of test	n/a	n/a	100	100	100
<b>Funding available/(required)</b>	<b>(17.7)</b>	<b>(15.6)</b>	<b>(10.9)</b>	<b>(0.1)</b>	<b>10.9</b>	Gross profit of test	n/a	n/a	800	800	800
Dividends paid	0	0	0	0	0	Gross margin (%)	n/a	n/a	88.9	88.9	88.9
Equity raised/(returned)	14.6	20.1	0	0	0						
<b>(Increase)/decrease in net debt</b>	<b>(3.1)</b>	<b>4.6</b>	<b>(10.9)</b>	<b>(0.1)</b>	<b>10.9</b>	<b>Revenue breakdown (NZ\$m)</b>					
						Cxbladder sales	3.8	4.4	14.2	30.5	46.1
<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>	Other	1.0	0.6	1.0	0.5	0.5
Working capital	(0.5)	(1.8)	(1.6)	(0.5)	1.4	<b>Total revenue</b>	<b>4.8</b>	<b>5.0</b>	<b>15.2</b>	<b>31.0</b>	<b>46.6</b>
Fixed assets	0.8	0.7	0.7	0.7	0.7						
Intangibles	0.2	0.2	0.2	0.2	0.2	<b>Potential market size - bladder cancer ('000 pa)</b>				<b>US</b>	<b>ANZ</b>
Right of use asset	0	1.6	1.3	1.1	0.8	New patients who present with haematuria				7,000	
Other assets	0.6	0.7	0.7	0.7	0.7	those who are worked up to look for bladder cancer				3,400	50
<b>Total funds employed</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>2.1</b>	<b>3.8</b>	New incidences of bladder cancer				81	3
Net debt/(cash)	(12.8)	(14.8)	(3.9)	(3.8)	(14.7)	No. of tests monitoring for recurrence				800	36
Lease liability	0.1	1.6	1.6	1.6	1.6	Total work-ups + recurrence monitoring				4,200	86
Other liabilities	0	0	0	0	0	<b>Addressable market used in forecasts</b>				<b>3,000</b>	<b>60</b>
Shareholder's funds	13.9	14.5	3.6	4.3	17.0						
Minority interests	0	0	0	0	0						
<b>Total funding sources</b>	<b>1.1</b>	<b>1.3</b>	<b>1.3</b>	<b>2.1</b>	<b>3.8</b>						

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

## Status check – good things come to those who wait

It has been painstakingly slow, however, the recent positive decision from two key influential US customers should help to support a step-change in revenue and has de-risked (and helped to prove up) the commercial model for PEB. Focus now turns to the revenue/profit path. The range of reasonable and justifiable outcomes, particularly for the revenue trajectory, is very wide making it difficult to have a high conviction view on a point-estimate of fundamental value or near-term forecasts. Putting that aside, the model is attractive, the market opportunity is substantial, PEB has a material competitive moat and should see reasonable leverage to future revenue growth.

### Earnings revisions

We have upgraded our near-term expectations to reflect the recent announcements. This reflects a lift in test volume expectations (to take into account the agreement with Kaiser), faster payment terms with CMS and a lift in the percentage of tests which PEB receives cash from (now tests for CMS patients can be reimbursed and recognised as revenue). We also modestly lift SG&A cost forecasts, as we expect PEB to more aggressively pursue growth in the near-term, rather than the 'holding pattern' of recent years.

**Figure 1. Earnings revisions (NZ\$m)**

	FY20A		FY21E		FY22E		FY23E			
	Actual	Old	New	chg	Old	New	chg	Old	New	chg
Product sales	4.4	14.5	15.2	0.7	27.7	31.0	3.4	42.7	46.6	4.0
Underlying NPAT	(19.0)	(11.2)	(10.9)	0.3	(2.8)	0.7	3.6	5.1	12.6	7.5
Underlying EPS (cps)	(2.8)	(1.6)	(1.6)	0.0	(0.4)	0.1	0.5	0.7	1.8	1.1
DPS (cps)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Forsyth Barr analysis

### What does the share price imply?

There remains a lot we don't know, and the revenue trajectory is still highly uncertain. Putting that aside, the assumptions required to underpin current market pricing are not uncomfortable. However, there remains risk it takes longer than expected to deliver the required ramp in revenue, particularly in the near-term.

Our analysis suggests the current market price (NZ\$0.58) is implying:

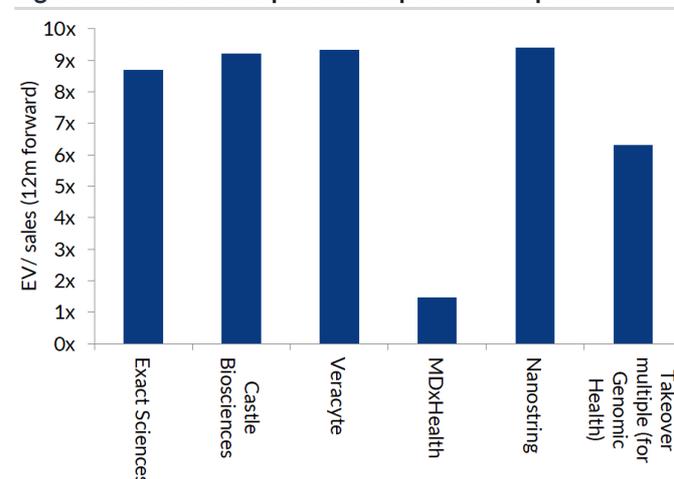
- Using a DCF: Unsurprisingly, a DCF valuation on PEB (using a WACC of 8.9%) is highly sensitive to the earnings path, particularly in latter years (with valuation highly weighted to the terminal). Back-solving, the current share price implies a longer-term EBIT margin of 45% and revenue reaching NZ\$130m in our terminal year (or ~7% of the US market revenue opportunity).
- Using peer multiples: At the current price, investors are paying for PEB to reach c. NZ\$40–50m of revenue in the near-term. For reference, we forecast the company to reach this level of revenue in FY23E.

**Figure 2. Valuation highly sensitive to EBIT pathway**

		Revenue in Yr 10				
		110	120	130	140	150
EBIT margin	35%	0.40	0.43	0.46	0.48	0.51
	40%	0.45	0.48	0.51	0.55	0.58
	45%	0.50	0.54	0.57	0.61	0.65
Yr 5-10	50%	0.55	0.59	0.63	0.67	0.71
	55%	0.60	0.64	0.69	0.73	0.78

Source: Forsyth Barr analysis

**Figure 3. Valuation multiples for comparative companies**



Source: Forsyth Barr analysis, Bloomberg

## Transformational customers in more detail

PEB has made material commercial progress with two transformational customers in recent weeks, Centers for Medicare & Medicaid Services (CMS) and Kaiser Permanente. Both are large, influential US organisations which should positively impact on demand and should be helpful in reimbursement/commercial discussions with other US healthcare organisations and payers.

### CMS – positive coverage decision from the key US public health insurer

On 3 July, PEB received notification of a positive coverage decision (LCD coverage) from key US public health insurer, CMS.

- **Who is CMS:** CMS provides healthcare coverage for all US citizens over 65 years, as well as assistance for healthcare coverage to people with low incomes. The CMS population totals ~109m people (~62m across Hospital & Medical coverage and ~47m across Prescription Drugs).
- **Test price:** US\$760/test, as previously announced.
- **Tests covered:** LCD coverage facilitates reimbursement for CMS patients using Cxbladder Detect and Cxbladder Monitor for tests performed on or after July 1, 2020. There are no conditions of use. Tests for CMS patients currently make up ~40% of PEB's US commercial tests.
- **Back-payment:** PEB has completed almost 22,000 tests for CMS patients to date, without payment. The company will be seeking to negotiate reimbursement for tests done to date. There is limited precedent, with the quantum highly contingent on individual negotiations. We do expect some level of cash for those tests already completed, but it is highly unlikely (in our view) PEB will get paid for the full amount owed (~US\$16.6m at US\$760/test).
- **Ramp path for revenue:** This decision means PEB can start reporting revenue (and getting cash) for tests already being done, with standard payment terms (45 days). As an example, we estimate FY20 would have seen reported revenue of ~NZ\$9m (rather than NZ\$5m) and a loss of circa NZ\$15.5m (rather than NZ\$19m). Tests provided to CMS patients will now be reimbursed; however, the ultimate ramp path for CMS revenue will be dictated by the number of tests ordered by urologists (a separate decision maker to the payor, CMS).

### Kaiser – commercial use of Cxbladder approved, after a long relationship

On 17 June, PEB announced an agreement with Kaiser for the commercial use of its Cxbladder tests. It has been a long process, with Kaiser starting a User Programme in 2015, however, is worth the wait.

- **Who is Kaiser:** One of the largest integrated not-for-profit healthcare providers in the US, with >12m members. Both the clinician and the payor are within the same organisation, with the group operating in a similar fashion to a corporate. Urologists are salary-based, with decisions on process/diagnostic tools typically made at the corporate level.
- **Test price:** No specifics are available, due to commercial sensitivity, but we expect it to be above that of CMS (US\$760/test).
- **Tests covered:** We understand the agreement is for all of PEB's Cxbladder tests, however, it will initially start with Monitor. Kaiser will utilise PEB's in-home sampling for its patients, with the process managed by PEB (we expect for some kind of fee).
- **Back-payment:** No. The original User Programme tests were funded by PEB.
- **Ramp path for revenue:** This is near impossible to answer. However, given the set-up of Kaiser (similar to a corporate), our understanding of this agreement (limited by commercial sensitivities in the contract) and similarities to Canterbury DHB, we expect the ramp up period will be faster than other customers. We expect an initial set-up phase (circa four weeks) and then standard payment terms – which should see PEB begin to receive cash from Kaiser in c. 2–3 months.
- **Revenue opportunity:** Substantial. The quantum is highly dependent on where (and how often) the test is used in the clinical pathway for patients with bladder cancer, being monitored for recurrence or being assessed for cancer. Our base case suggests the revenue opportunity could be at least c. NZ\$25m.

## Investment Summary

Pacific Edge (PEB) is a cancer diagnostics company in the early stages of commercialising its first product, Cxbladder. The market opportunity for its tests is substantial and PEB continues to tick off milestones necessary to drive commercial adoption. It has been painstakingly slow, however, recent positive decisions from two key large and influential US customers should help to support a step-change in revenue and has de-risked (and helped to prove up) the commercial model.

### Business quality

- **Speculative risk:** Changing clinical practice is challenging and time consuming.
- **Strong clinical evidence:** PEB has a growing body of clinical data showing strong test performance, outperformance versus incumbent tests (including the 'gold standard') and strong clinical utility data.

### Earnings and cashflow outlook

- **Growing commercial adoption in its home market:** It has been a time consuming process, however, strong progress is now being seen in New Zealand with growing adoption and reimbursement for Cxbladder, including being introduced into Canterbury DHB's clinical guidelines for the assessment of haematuria.
- **Large market opportunity in the US, with progress being made (albeit slowly):** The market in the US is sizeable and indicative test prices highly attractive, albeit commercialisation is challenging and slow. The rate of conversion to commercial customers, particularly large customer groups, will be the key driver of the revenue/earnings path, however, is challenging to forecast. Recent positive announcements from large influential customer groups (CMS and Kaiser) provide a meaningful credibility tick.
- **Attractive model as revenue builds:** High product margins and a scalable model means cash flow positive could occur fairly quickly with an acceleration in commercial test volumes.

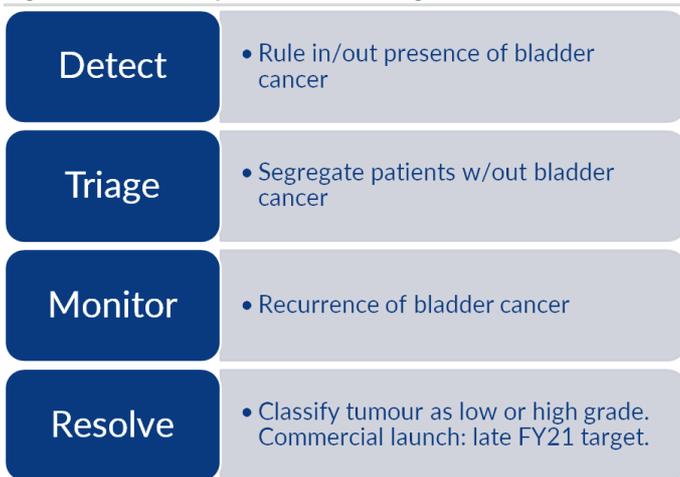
### Financial structure

- **Small net cash position:** Cash burn is a key focus and metric to monitor.

### Risk factors

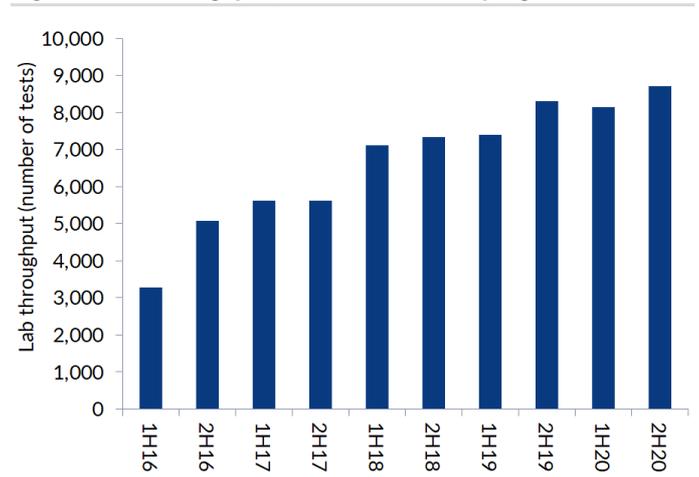
- **Long adoption curve:** Gaining acceptance and reimbursement from the medical community is critical to success but takes time. This is a risk, but also provides a high barrier to entry for competition
- **New test/competing product:** Or a shift away from molecular diagnostics.

Figure 4. Cxbladder products and timing



Source: Forsyth Barr analysis, Company reports

Figure 5. Lab throughput (commercial & user programmes)



Source: Forsyth Barr analysis, Company reports

**Figure 6. Price performance**


Source: Forsyth Barr analysis

**Figure 7. Substantial shareholders**

Shareholder	Latest Holding
Harbour Asset Management	16.5%
Salt Funds Management	12.0%
AMP Capital Investors NZ	5.5%

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

**Figure 8. International valuation comparisons**

Company	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash Yld 2022E
				2021E	2022E	2021E	2022E	2021E	2022E	
<b>Pacific Edge</b>	<b>PEB NZ</b>	<b>NZ\$0.58</b>	<b>NZ\$400</b>	<b>&lt;0x</b>	<b>&gt;50x</b>	<b>&lt;0x</b>	<b>&gt;75x</b>	<b>&lt;0x</b>	<b>&gt;75x</b>	<b>0.0%</b>
EXACT SCIENCES CORP	EXAS US	US\$86.66	US\$12,992	<0x	<0x	<0x	>75x	<0x	<0x	0.0%
CASTLE BIOSCIENCES INC	CSTL US	US\$38.47	US\$750	<0x	<0x	<0x	<0x	>75x	>75x	n/a
MDXHEALTH	MDXH BB	€0.71	€50	<0x	n/a	<0x	<0x	<0x	<0x	n/a
MYRIAD GENETICS INC	MYGN US	US\$11.58	US\$863	<0x	21.4x	<0x	21.0x	0.5x	29.3x	n/a
<b>Compc Average:</b>				<b>n/a</b>	<b>21.4x</b>	<b>n/a</b>	<b>21.0x</b>	<b>0.5x</b>	<b>29.3x</b>	<b>0.0%</b>
<b>PEB Relative:</b>				<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

EV = Current Market Cap + Actual Net Debt

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

**Analyst certification:** The research analyst(s) primarily responsible for the preparation and content of this publication ("Analysts") are named on the first page of this publication. Each such Analyst certifies (other than in relation to content or views expressly attributed to another analyst) that (i) the views expressed in this publication accurately reflect their personal views about each issuer and financial product referenced and were prepared in an independent manner, including with respect to Forsyth Barr Limited and its related companies; and (ii) no part of the Analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that Analyst in this report.

**Analyst holdings:** The following Analyst(s) have a threshold interest in the financial products referred to in this publication: N/A. 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.

**Ratings distributions:** As at 3 Jul 2020, Forsyth Barr's research ratings were distributed as follows:

	<b>OUTPERFORM</b>	<b>NEUTRAL</b>	<b>UNDERPERFORM</b>
	<b>49.0%</b>	<b>35.3%</b>	<b>15.7%</b>

Forsyth Barr's research ratings are OUTPERFORM, NEUTRAL, and UNDERPERFORM. The ratings are relative to our other equity security recommendations across our New Zealand market coverage and are based on risk-adjusted Estimated Total Returns for the securities in question. Risk-adjusted Estimated Total Returns are calculated from our assessment of the risk profile, expected dividends and target price for the relevant security.

**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. 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. Forsyth Barr confirms no inducement has been accepted from the issuer(s) that are the subject of this publication, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the issuer(s) being researched.

**Investment banking engagements:** Other than confidential engagements, Forsyth Barr has within the past 12 months been engaged to provide investment banking services to the following issuers that are the subject of this publication: AFT ARV MET PEB

**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.

**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 to you. 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. 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.