

# Port of Tauranga

## Cargo Light, Valuation Heavy

**ANDY BOWLEY**

andy.bowley@forsythbarr.co.nz  
+64 4 495 8246

**SCOTT ANDERSON**

scott.anderson@forsythbarr.co.nz  
+64 4 914 2219

### UNDERPERFORM

Port of Tauranga's (POT) share price has defied both ours and the consensus view on valuation for an extended period of time. It is a high quality asset that could materially benefit from industry structure change, given uncertainty about the future of Ports of Auckland (POAL). POT has taken share in the upper North Island over the longer term, and will likely continue to do so in the absence of supply chain certainty for users of POAL, in our opinion. This provides support to a higher level of cargo, revenue and profit growth over the medium to long term. COVID-19 has impacted near term, albeit the foregone cargo is largely forestry related and therefore deferred rather than lost. Higher growth and lower bond yields support a higher target price, yet there remains a sizeable gap between our revised NZ\$6.20 and the current share price. UNDERPERFORM.

| NZX Code           | POT                 | Financials: Jun/             | 19A   | 20E  | 21E   | 22E   | Valuation (x)     | 19A  | 20E  | 21E  | 22E  |
|--------------------|---------------------|------------------------------|-------|------|-------|-------|-------------------|------|------|------|------|
| Share price        | NZ\$7.71            | NPAT* (NZ\$m)                | 100.6 | 94.0 | 102.2 | 110.8 | EV/EBITDA         | 32.0 | 34.3 | 31.4 | 28.5 |
| Target price       | NZ\$6.20            | EPS* (NZc)                   | 14.8  | 13.8 | 15.0  | 16.3  | EV/EBIT           | 38.0 | 41.8 | 37.9 | 34.1 |
| Risk rating        | Low                 | EPS growth* (%)              | 5.8   | -6.6 | 8.7   | 8.4   | PE                | 52.2 | 55.9 | 51.4 | 47.4 |
| Issued shares      | 680.6m              | DPS (NZc)                    | 18.3  | 15.8 | 16.2  | 17.3  | Price / NTA       | 4.5  | 4.5  | 4.3  | 4.5  |
| Market cap         | NZ\$5,247m          | Imputation (%)               | 100   | 100  | 100   | 100   | Cash div yld (%)  | 2.4  | 2.0  | 2.1  | 2.2  |
| Avg daily turnover | 156.4k (NZ\$1,052k) | *Based on normalised profits |       |      |       |       | Gross div yld (%) | 3.3  | 2.8  | 2.9  | 3.1  |

#### What's changed?

- **NPAT:** FY20 -3% and FY21 -2% reflecting COVID-19 impact from Alert Level 4
- **Target price:** Raised to NZ\$6.20 to reflect higher medium/long term growth assumptions

#### Export logs

Stats NZ data suggests POT's log exports fell -22% in FY20 reflecting (1) the impact of weaker prices in mid-2019, (2) the closure of Chinese ports in February 2020, and (3) the non-essential nature of forestry during Alert Level 4. This is consistent with our previous assumption and implies ~5.5mT of log exports. The outlook for log exports is mixed given lower prices but an impending wall of wood.

#### Container growth has softened

Ministry of Transport data for the nine months to March suggest POT's container volumes were flat against the prior year, compared to +3% through the first six months. We expect some further softening in 4Q20 to reflect a decline in 'non-essential' exports, including processed forestry products.

#### Upper North Island uncertainty

The Upper North Island Supply Chain Strategy will be reliant on future governments to take it forward given the forthcoming election. We expect it will likely be less of a political priority in light of COVID-19 and therefore believe that the current status quo is likely to continue for the foreseeable future.

#### Valuation premium

POT trades at an elevated one year forward PE multiple of ~51x despite ~20% of its earnings stemming from lower multiple associate/JV entities other than the core port business. While we believe POT deserves a valuation premium (to the market) we question how big the premium should be, particularly in an environment when trade cargo trends are subdued.

## Port of Tauranga Ltd (POT)

Priced as at 29 Jul 2020 (NZ\$) **7.71**

|                                      |             |
|--------------------------------------|-------------|
| <b>12-month target price (NZ\$)*</b> | <b>6.20</b> |
| Expected share price return          | -19.6%      |
| Net dividend yield                   | 2.1%        |
| Estimated 12-month return            | -17.5%      |

|                             |       |
|-----------------------------|-------|
| <b>Key WACC assumptions</b> |       |
| Risk free rate              | 2.00% |
| Equity beta                 | 0.75  |
| WACC                        | 6.2%  |
| Terminal growth             | 2.5%  |

|                               |      |
|-------------------------------|------|
| <b>Spot valuations (NZ\$)</b> |      |
| 1. DCF                        | 5.98 |
| 2. Sum-of-the-parts           | 5.87 |
| 3. n/a                        | n/a  |

|                                      |       |
|--------------------------------------|-------|
| <b>DCF valuation summary (NZ\$m)</b> |       |
| Total firm value                     | 4,624 |
| (Net debt)/cash                      | (527) |
| Less: Capitalised operating leases   | (25)  |
| Value of equity                      | 4,072 |

| <b>Profit and Loss Account (NZ\$m)</b> | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|--|--------------|--------------|--------------|--------------|--------------|
| Sales revenue                          | 283.7        | 313.3        | 304.5        | 326.7        | 351.1        |
| <b>Normalised EBITDA</b>               | <b>154.1</b> | <b>173.2</b> | <b>162.4</b> | <b>177.9</b> | <b>195.9</b> |
| Depreciation and amortisation          | (25.3)       | (27.6)       | (29.1)       | (30.7)       | (32.1)       |
| <b>Normalised EBIT</b>                 | <b>128.8</b> | <b>145.6</b> | <b>133.3</b> | <b>147.2</b> | <b>163.8</b> |
| Net interest                           | (18.0)       | (18.2)       | (19.4)       | (22.4)       | (26.7)       |
| Associate income                       | 15.1         | 8.1          | 12.0         | 13.0         | 13.5         |
| Tax                                    | (31.8)       | (34.4)       | (31.9)       | (35.6)       | (39.7)       |
| Minority interests                     | 0            | 0            | 0            | 0            | 0            |
| <b>Normalised NPAT</b>                 | <b>95.1</b>  | <b>100.6</b> | <b>94.0</b>  | <b>102.2</b> | <b>110.8</b> |
| Abnormals/other                        | 0.8          | 0            | 0            | 0            | 0            |
| <b>Reported NPAT</b>                   | <b>94.3</b>  | <b>100.6</b> | <b>94.0</b>  | <b>102.2</b> | <b>110.8</b> |
| Normalised EPS (cps)                   | 14.0         | 14.8         | 13.8         | 15.0         | 16.3         |
| DPS (cps)                              | 17.7         | 18.3         | 15.8         | 16.2         | 17.3         |

| <b>Growth Rates</b> | <b>2018A</b> | <b>2019A</b> | <b>2020A</b> | <b>2021A</b> | <b>2022A</b> |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue (%)         | 10.6         | 10.4         | -2.8         | 7.3          | 7.5          |
| EBITDA (%)          | 11.3         | 12.4         | -6.2         | 9.5          | 10.1         |
| EBIT (%)            | 13.1         | 13.0         | -8.4         | 10.4         | 11.3         |
| Normalised NPAT (%) | 13.4         | 5.8          | -6.6         | 8.7          | 8.4          |
| Normalised EPS (%)  | 13.4         | 5.8          | -6.6         | 8.7          | 8.4          |
| Ordinary DPS (%)    | 13.4         | 4.7          | 0.0          | 2.9          | 8.4          |

| <b>Cash Flow (NZ\$m)</b>               | <b>2018A</b>  | <b>2019A</b>  | <b>2020E</b>  | <b>2021E</b>  | <b>2022E</b>  |
|--|---------------|---------------|---------------|---------------|---------------|
| <b>EBITDA</b>                          | <b>154.1</b>  | <b>173.2</b>  | <b>162.4</b>  | <b>177.9</b>  | <b>195.9</b>  |
| Working capital change                 | 0             | 0             | 0             | 0             | 0.0           |
| Interest & tax paid                    | (50.1)        | (52.6)        | (50.3)        | (56.9)        | (65.4)        |
| Other                                  | (4.5)         | (10.1)        | (1.6)         | 7.9           | (1.7)         |
| <b>Operating cash flow</b>             | <b>99.4</b>   | <b>110.4</b>  | <b>110.4</b>  | <b>128.8</b>  | <b>128.8</b>  |
| Capital expenditure                    | (17.7)        | (35.0)        | (35.0)        | (110.0)       | (110.0)       |
| (Acquisitions)/divestments             | 0.4           | 0             | 0             | 0             | 0             |
| Other                                  | 10.1          | 9.0           | 9.0           | 10.1          | 10.1          |
| <b>Funding available/(required)</b>    | <b>92.1</b>   | <b>84.4</b>   | <b>84.4</b>   | <b>28.9</b>   | <b>28.9</b>   |
| Dividends paid                         | (115.0)       | (122.9)       | (122.9)       | (116.5)       | (116.5)       |
| Equity raised/(returned)               | (1.6)         | 0             | 0             | 0             | 0             |
| <b>(Increase)/decrease in net debt</b> | <b>(24.5)</b> | <b>(38.5)</b> | <b>(38.5)</b> | <b>(87.6)</b> | <b>(87.6)</b> |

| <b>Balance Sheet (NZ\$m)</b> | <b>2018A</b>   | <b>2019A</b>   | <b>2020E</b>   | <b>2021E</b>   | <b>2022E</b>   |
|------------------------------|----------------|----------------|----------------|----------------|----------------|
| Working capital              | 19.4           | 28.3           | 16.6           | 17.7           | 18.9           |
| Fixed assets                 | 1,446.3        | 1,531.2        | 1,567.8        | 1,647.7        | 1,672.2        |
| Intangibles                  | 18.5           | 19.0           | 19.0           | 19.0           | 19.0           |
| Right of use asset           | 0              | 0              | 23.9           | 23.9           | 23.9           |
| Other assets                 | 134.4          | 132.7          | 144.7          | 157.7          | 171.2          |
| <b>Total funds employed</b>  | <b>1,618.5</b> | <b>1,711.3</b> | <b>1,772.0</b> | <b>1,866.0</b> | <b>1,905.2</b> |
| Net debt/(cash)              | 399.5          | 442.3          | 480.8          | 525.6          | 613.1          |
| Lease liability              | 0              | 0              | 24.1           | 24.1           | 24.1           |
| Other liabilities            | 97.0           | 103.1          | 102.8          | 102.8          | 102.8          |
| Shareholder's funds          | 1,122.0        | 1,165.9        | 1,164.3        | 1,213.6        | 1,165.2        |
| Minority interests           | 0              | 0              | 0              | 0              | 0              |
| <b>Total funding sources</b> | <b>1,618.6</b> | <b>1,711.3</b> | <b>1,772.0</b> | <b>1,866.0</b> | <b>1,905.2</b> |

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

| <b>Valuation Ratios</b>  | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| EV/EBITDA (x)            | 35.7         | 32.0         | 34.3         | 31.4         | 28.5         |
| EV/EBIT (x)              | 42.7         | 38.0         | 41.8         | 37.9         | 34.1         |
| PE (x)                   | 55.2         | 52.2         | 55.9         | 51.4         | 47.4         |
| Price/NTA (x)            | 4.7          | 4.5          | 4.5          | 4.3          | 4.5          |
| Free cash flow yield (%) | 1.6          | 1.4          | 1.4          | 0.4          | 0.4          |
| Net dividend yield (%)   | 2.3          | 2.4          | 2.0          | 2.1          | 2.2          |
| Gross dividend yield (%) | 3.2          | 3.3          | 2.8          | 2.9          | 3.1          |

| <b>Capital Structure</b>  | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|---------------------------|--------------|--------------|--------------|--------------|--------------|
| Interest cover EBIT (x)   | 7.1          | 8.0          | 6.9          | 6.6          | 6.1          |
| Interest cover EBITDA (x) | 8.5          | 9.5          | 8.4          | 7.9          | 7.3          |
| Net debt/ND+E (%)         | 26.3         | 27.5         | 29.2         | 30.2         | 34.5         |
| Net debt/EBITDA (x)       | 2.6          | 2.6          | 3.0          | 3.0          | 3.1          |

| <b>Key Ratios</b>            | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| Return on assets (%)         | 7.8          | 8.3          | 7.3          | 7.7          | 8.4          |
| Return on equity (%)         | 8.5          | 8.6          | 8.1          | 8.4          | 9.5          |
| Return on funds employed (%) | 18.4         | 19.4         | 17.6         | 17.3         | 17.3         |
| EBITDA margin (%)            | 54.3         | 55.3         | 53.3         | 54.5         | 55.8         |
| EBIT margin (%)              | 45.4         | 46.5         | 43.8         | 45.1         | 46.6         |
| Capex to sales (%)           | 6.2          | 11.2         | 11.5         | 33.7         | 31.3         |
| Capex to depreciation (%)    | 70           | 127          | 120          | 358          | 342          |
| Imputation (%)               | 100          | 100          | 100          | 100          | 100          |
| Pay-out ratio (%)            | 127          | 124          | 114          | 108          | 107          |

| <b>Operating Performance</b> | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Revenue (NZ\$m)</b>       |              |              |              |              |              |
| Port operations              | 251.4        | 276.8        | 269.3        | 290.3        | 313.5        |
| Property services            | 26.9         | 28.8         | 30.2         | 31.1         | 32.0         |
| Marshalling Services         | 4.9          | 4.9          | 5.0          | 5.3          | 5.5          |
| <b>Total revenue</b>         | <b>283.7</b> | <b>313.3</b> | <b>304.5</b> | <b>326.7</b> | <b>351.1</b> |

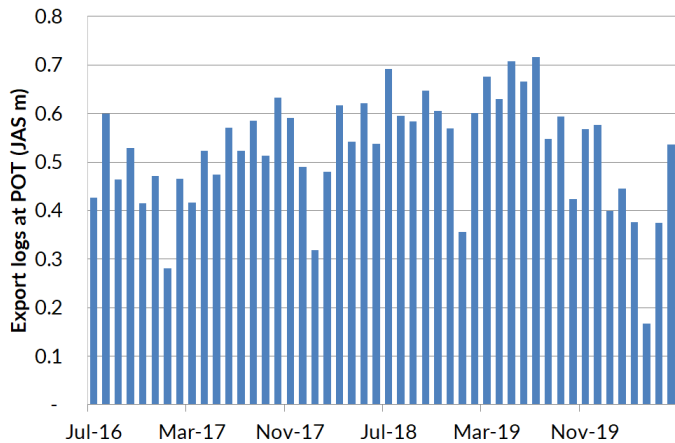
| <b>Port operations revenue (NZ\$m)</b> | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|--|--------------|--------------|--------------|--------------|--------------|
| Container revenue                      | 164.1        | 182.5        | 183.7        | 197.7        | 213.0        |
| Bulk revenue                           | 51.3         | 58.3         | 50.2         | 55.1         | 60.7         |
| Marine revenue                         | 36.0         | 36.0         | 35.3         | 37.5         | 39.8         |
| <b>Total</b>                           | <b>251.4</b> | <b>276.8</b> | <b>269.3</b> | <b>290.3</b> | <b>313.5</b> |

| <b>EBITDA (NZ\$m)</b> | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Port operations       | 251.4        | 276.8        | 269.3        | 290.3        | 313.5        |
| Property services     | 26.9         | 28.8         | 30.2         | 31.1         | 32.0         |
| Marshalling Services  | 3.7          | 4.6          | 4.9          | 5.1          | 5.4          |
| Unallocated expenses  | (128.0)      | (140.5)      | (142.0)      | (148.7)      | (155.0)      |
| Other income          | 0.1          | 3.4          | 0.0          | 0.0          | 0.0          |
| <b>Total EBITDA</b>   | <b>154.1</b> | <b>173.2</b> | <b>162.4</b> | <b>177.9</b> | <b>195.9</b> |

| <b>Containers (TEU'000)</b> | <b>2018A</b> | <b>2019A</b> | <b>2020E</b> | <b>2021E</b> | <b>2022E</b> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| Containers (TEU'000)        | 1,161        | 1,215        | 1,212        | 1,289        | 1,371        |
| Logs (JAS m)                | 6.3          | 7.1          | 5.5          | 6.1          | 6.7          |
| Other bulk (tonnes m)       | 5.1          | 5.4          | 4.9          | 5.2          | 5.5          |

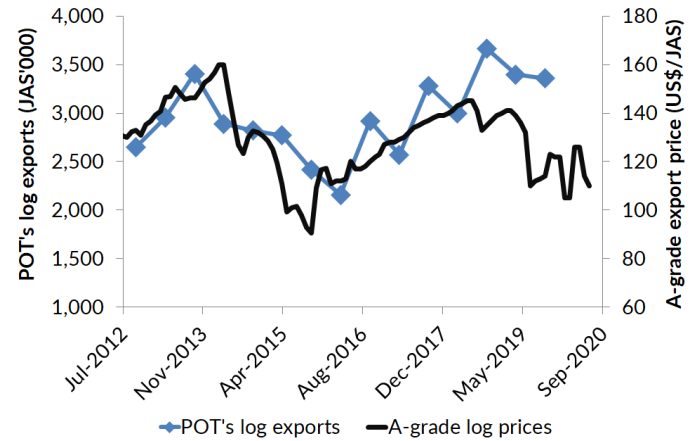
## Data suggests some near term volume headwinds

Figure 1. Log exports from POT



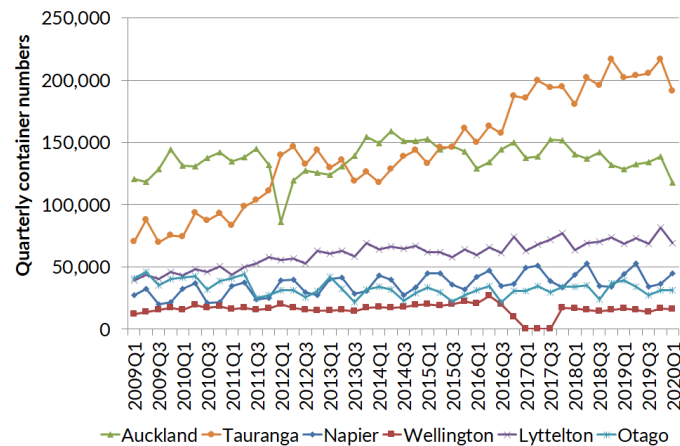
Source: Stats NZ, Forsyth Barr analysis

Figure 2. Log price risk to log export volumes



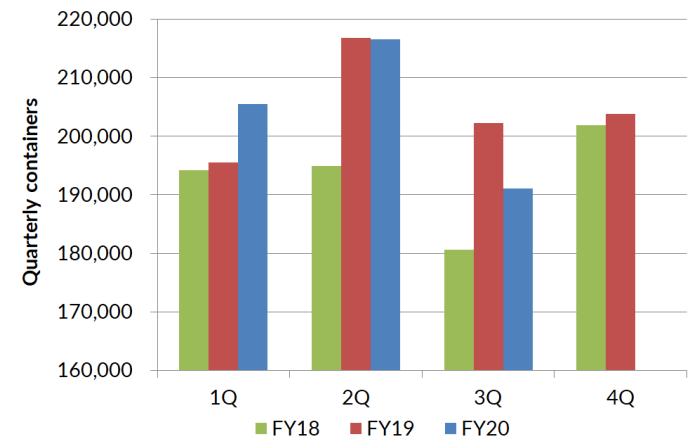
Source: Agri HQ, POT, Forsyth Barr analysis

Figure 3. Container volumes dropped through March 2020 qtr



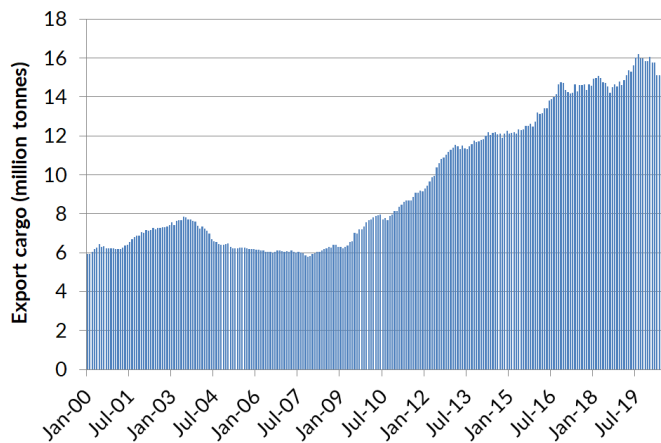
Source: Ministry of Transport, Forsyth Barr analysis

Figure 4. POT's container volumes by quarter for FY18-FY20



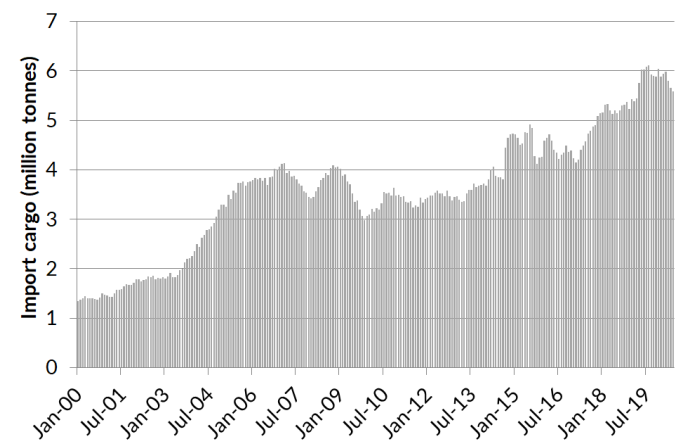
Source: Ministry of Transport, Forsyth Barr analysis NOTE: data refers to container not TEU

Figure 5. Softer export tonnage.... (12m rolling)



Source: NZ Stats, Forsyth Barr analysis

Figure 6. ....and similar story for imports (12m rolling)



Source: NZ Stats, Forsyth Barr analysis

## Earnings revisions

We lower our earnings forecasts for POT throughout our outlook period to principally reflect lower container volumes as a result of COVID-19 supply chain restrictions and the ongoing economic fall-out. Our revised FY20 NPAT forecast of NZ\$94m compares to the previous company guidance band of NZ\$94m-NZ\$99m, which was suspended on 26 March 2020, in light of COVID-19 uncertainty.

POT has not received a wage subsidy from the Government and did pay an interim dividend of 6c per share.

Despite a decline in EPS we expect the company to pay a final FY20 dividend of 7.3c per share, on par with the prior year, in addition to the special dividend of 2.5c per share.

**Figure 7. Earnings revisions (NZ\$m)**

|                        | Old         | FY20E<br>New | Chg          | Old          | FY21E<br>New | Chg          | Old          | FY22E<br>New | Chg          |
|------------------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales revenue          | 310.8       | 304.5        | -2.0%        | 331.0        | 326.7        | -1.3%        | 355.8        | 351.1        | -1.3%        |
| EBITDA                 | 166.9       | 162.4        | -2.7%        | 180.8        | 177.9        | -1.6%        | 199.4        | 195.9        | -1.7%        |
| EBIT (post-associates) | 150.4       | 145.9        | -3.0%        | 163.7        | 160.8        | -1.8%        | 181.4        | 177.9        | -1.9%        |
| <b>Underlying NPAT</b> | <b>97.3</b> | <b>94.0</b>  | <b>-3.4%</b> | <b>104.4</b> | <b>102.2</b> | <b>-2.1%</b> | <b>113.4</b> | <b>110.8</b> | <b>-2.3%</b> |
| Underlying EPS (cps)   | 14.3        | 13.8         | -3.4%        | 15.3         | 15.0         | -2.1%        | 16.7         | 16.3         | -2.3%        |
| Ordinary DPS (cents)   | 13.3        | 13.3         | 0.0%         | 14.0         | 13.7         | -2.1%        | 15.2         | 14.8         | -2.3%        |
| Special DPS (cents)    | 2.5         | 2.5          | 0.0%         | 2.5          | 2.5          | 0.0%         | 2.5          | 2.5          | 0.0%         |

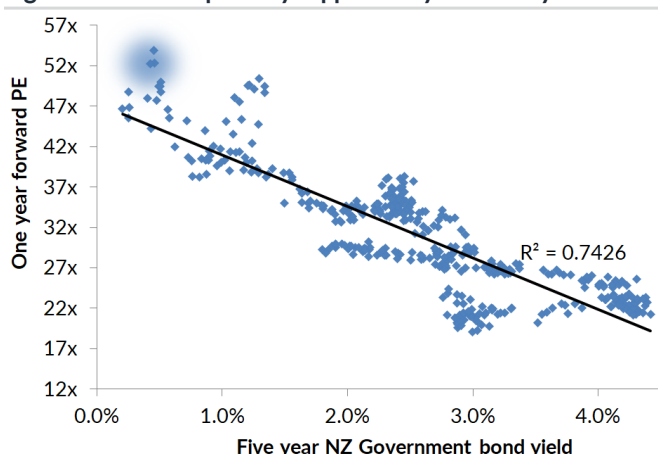
Source: Forsyth Barr analysis

## Valuation

Notwithstanding the small downward adjustments to our earnings forecasts, as outlined above, our DCF and sum-of-the-parts driven target price increases to NZ\$6.20 to reflect (1) higher medium to long term growth assumptions as a result of POT's positioning in the Upper North Island Supply Chain, and lack of certainty with the future of POAL, and (2) a higher core port multiple (PE of ~40x) applied to our sum-of-the-parts calculation.

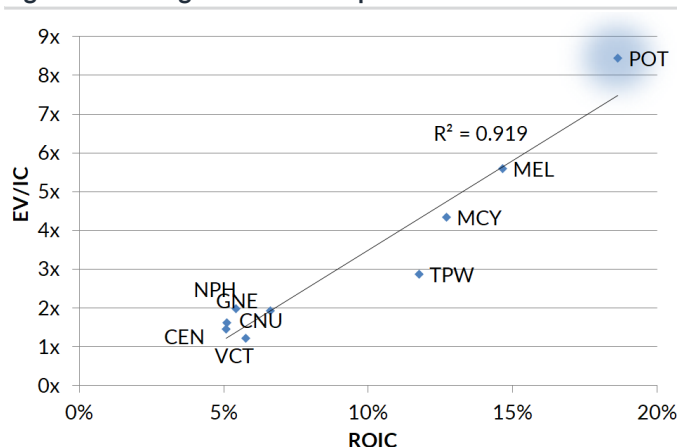
POT's elevated share price is partly supported by low bond yields and a high return on capital. Yet when compared to its own trading history (Figure 8) and peers (Figure 9), it appears expensive on both counts.

**Figure 8. Valuation partially supported by low bond yields...**



Source: Eikon, Forsyth Barr analysis

**Figure 9. ...and higher return on capital**



Source: Eikon, Forsyth Barr analysis

## Investment Summary

Port of Tauranga (POT) is a key strategic asset within New Zealand's international export/import supply chain. The company is sensibly pursuing a hub port strategy by investing in capacity and enhancing its cargo aggregation capabilities. However, other ports are also investing which is damaging industry returns given industry over-investment. Following several years of above trend growth, activity rates are slowing given weaker log prices and more subdued economic conditions. UNDERPERFORM.

### Business quality

- **Hub-port:** POT's strategy evolves around its objective of being New Zealand's hub port. Its favourable draught following recent dredging facilitates bigger ships and greater transshipments from elsewhere in NZ.
- **Multi-year agreements:** POT has long term agreements with key shippers including Kotahi and Zespri. These agreements provide volume certainty.

### Earnings and cashflow outlook

- **Earnings growth phase:** De-synchronisation of log export and container growth mean the company has entered into another soft patch.
- **Container handling:** POT's business model is focussed on container terminal expansion, container aggregation and inland supply chains. A key requirement of the Kotahi deal was transshipments of South Island exports through Tauranga. This doesn't appear likely near term.
- **Log export volumes:** Higher margin logs represent a key earnings stream. The location of POT and the central North Island forestry harvest profile are supportive to long term log revenues at or around current levels.

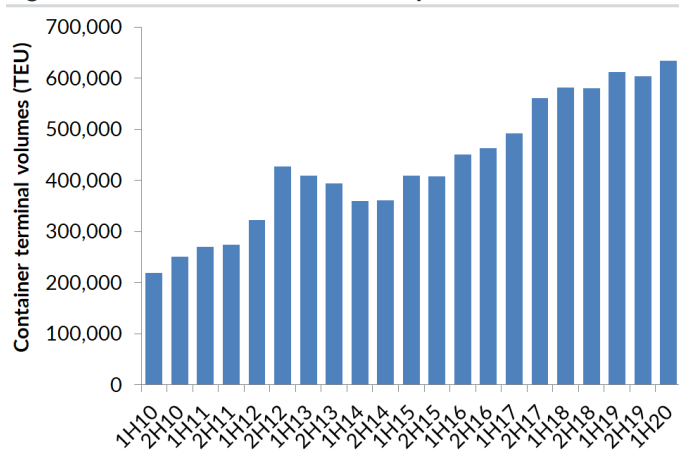
### Financial structure

- **Balance sheet:** Net debt has doubled over the past six years given the capex bulge which has facilitated the hub port strategy.
- **Dividends:** POT has extended its special dividend programme for a further four years from FY20 albeit at a lower level than previously (2.5c compared to 5c each year). The current ordinary dividend pay-out is ~90% within the targeted range of 70%–100%.

### Risk factors

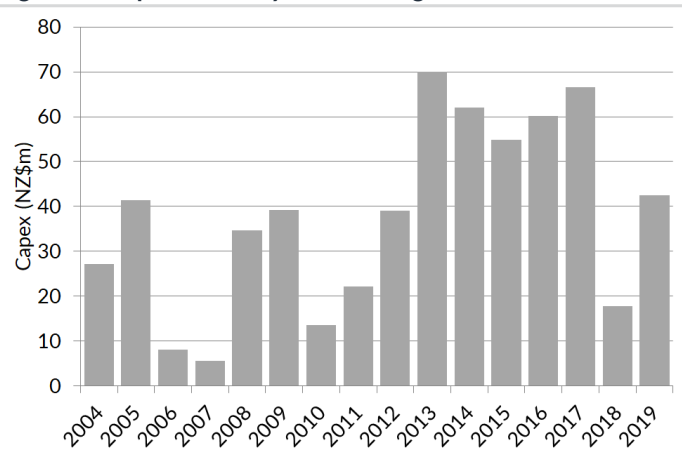
- **Industry competition:** Over investment by other ports is impacting industry ROIC.
- **Chinese log demand:** POT's log exporters are heavily exposed to Chinese construction industry demand for unprocessed timber.

Figure 10. Container volumes in recent periods

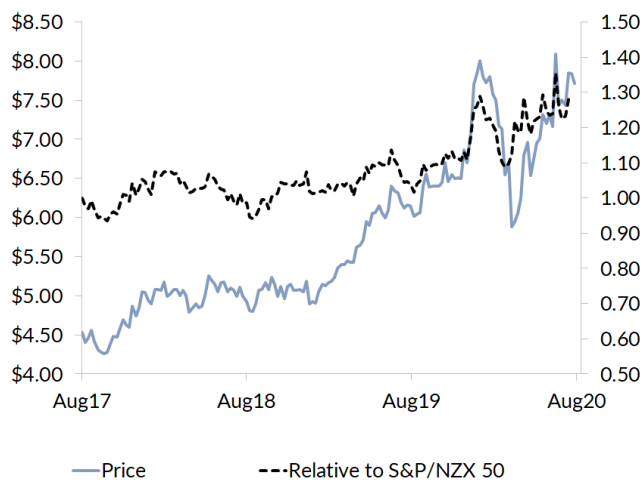


Source: Forsyth Barr analysis

Figure 11. Capex necessary to facilitate growth



Source: Forsyth Barr analysis

**Figure 12. Price performance**


Source: Forsyth Barr analysis

**Figure 13. Substantial shareholders**

| Shareholder         | Latest Holding |
|---------------------|----------------|
| Quayside Securities | 54.1%          |

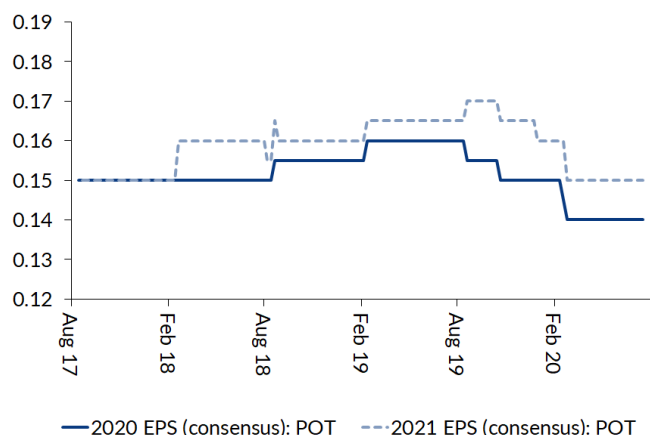
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 14. International valuation comparisons**

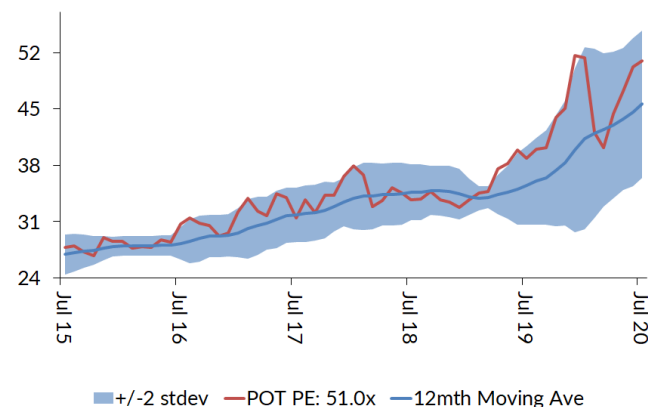
| Company  | Code    | Price    | Mkt Cap (m) | PE 2020E | PE 2021E | EV/EBITDA 2020E | EV/EBITDA 2021E | EV/EBIT 2020E | EV/EBIT 2021E | Cash Yld 2021E |
|--|---------|----------|-------------|----------|----------|-----------------|-----------------|---------------|---------------|----------------|
| (metrics re-weighted to reflect POT's balance date - June) |         |          |             |          |          |                 |                 |               |               |                |
| Port of Tauranga   | POT NZ  | NZ\$7.71 | NZ\$5,247   | >50x     | >50x     | 35.0x           | 32.0x           | 42.7x         | 38.7x         | 1.8%           |
| NAPIER PORT *  | NPH NZ  | NZ\$3.35 | NZ\$670     | 32.2x    | 34.0x    | 16.9x           | 16.2x           | 25.6x         | 24.6x         | 2.1%           |
| QUBE HOLDINGS  | QUB AT  | A\$2.79  | A\$5,255    | 43.6x    | 41.6x    | 25.8x           | 23.6x           | 47.4x         | 43.8x         | 1.9%           |
| GLOBAL PORTS INV-GDR REG S                                 | GLPR LI | US\$3.10 | US\$592     | 16.3x    | 6.2x     | 6.4x            | 5.8x            | 8.6x          | 7.6x          | 1.0%           |
| HAMBURGER HAFEN UND LOGISTIK                               | HHFA GR | €15.12   | €1,100      | 27.3x    | 29.0x    | 5.5x            | 5.8x            | 11.3x         | 12.3x         | 3.4%           |
| WESTSHORE TERMINALS INVESTME                               | WTE CN  | C\$16.99 | C\$1,107    | 8.4x     | 10.6x    | 5.9x            | 7.1x            | 6.6x          | 8.2x          | 4.6%           |
| MITSUBISHI LOGISTICS CORP                                  | 9301 JP | ¥2729.00 | ¥240,045    | 19.6x    | 17.7x    | 11.2x           | 11.1x           | n/a           | n/a           | 2.3%           |
| EUROKAI KGAA   | EUK2 GR | €29.00   | €360        | 25.1x    | 29.3x    | 6.6x            | 7.6x            | 9.2x          | 10.8x         | n/a            |
| AUCKLAND AIRPORT *   | AIA NZ  | NZ\$6.35 | NZ\$9,343   | 48.5x    | <0x      | 29.2x           | >75x            | 40.4x         | >75x          | 0.0%           |
| SYDNEY AIRPORT   | SYD AT  | A\$5.45  | A\$12,316   | <0x      | 36.8x    | 28.5x           | 32.2x           | >75x          | >75x          | 1.8%           |
| Compco Average:  |         |          |             | 27.6x    | 25.7x    | 15.1x           | 13.7x           | 21.3x         | 17.9x         | 2.1%           |
| POT Relative:  |         |          |             | n/a      | n/a      | 132%            | 134%            | 100%          | 116%          | -17%           |

EV = Current Market Cap + Actual Net Debt

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

**Figure 15. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis

**Figure 16. One year forward PE (x)**


Source: Forsyth Barr analysis

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|-------------------|----------------|---------------------|
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