

Pushpay Holdings Ltd

International: Searching for the Promised Land

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NEUTRAL 

We believe it is inevitable that Pushpay (PPH) will turn its attention to international markets in time, aiming to replicate success achieved in North America. In 2017 PPH made the decision to focus on megachurches due to 1) high visibility, 2) influence over smaller churches and 3) greater processing donations, and so we believe it logical to apply the same strategy if PPH were to expand internationally. Our analysis shows that the greatest international opportunities for PPH lies in countries demonstrating a high rate of Evangelical Christian growth, accommodating a large number of megachurches and experiencing stable levels of economic well-being combined with above-average smartphone penetration. We rule out countries which do not exhibit a high degree of religious freedom. Additionally, we have also spoken to a large number of Christian contacts around the world, including pastors, missionaries, academics (church planters) and congregation members. We conclude there are a number of niche opportunities in countries which include South Korea, Nigeria, Singapore, and Brazil.

NZX Code	PPH	Financials: Mar/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$1.68	NPAT* (NZ\$m)	26.9	58.1	67.8	69.9	PE	17.2	31.9	27.4	26.6
Target price	NZ\$1.75	EPS* (NZc)	9.8	5.3	6.1	6.3	EV/EBIT	56.2	21.7	19.8	19.6
Risk rating	High	EPS growth* (%)	-3.1	-46.1	16.6	2.9	EV/EBITDA	44.8	19.4	17.9	17.9
Issued shares	1104.1m	DPS (NZc)	0.0	0.0	0.0	0.0	Price / NTA	n/a	n/a	18.9	10.8
Market cap	NZ\$1,855m	Imputation (%)	0	0	0	0	Cash div yld (%)	0.0	0.0	0.0	0.0
Avg daily turnover	3,045k (NZ\$5,303k)	*Based on normalised profits					Gross div yld (%)	0.0	0.0	0.0	0.0

Why has PPH had so much success in North America?

The US Evangelical church market has exhibited particular characteristics that have aligned well with PPH's product, culture and ambition. US megachurches are well structured corporate-run entities, growing at a consistent rate and focussed on raising money through donations for expansion, community projects and church running costs. Additionally, many US citizens have historically avoided donating via online banking due to 1) poor US banking infrastructure, 2) concerns over security, and 3) a culture embedded around credit cards. Accordingly, US churches relied heavily on cash donations until PPH proposed an alternative solution and attained market share at a great pace due to its aggressive sales technique.

PPH's current international presence remains limited

Outside the US, PPH currently provides services to churches in New Zealand, Australia and Canada, which are relatively small markets all with structural decline in church attendance. They lack the 'mega' style churches of the US, with the exception of a small number of international churches such as Hillsong, C3, CityImpact, Arise and Planetshakers, all of which operate multiple campuses regionally and/or internationally, and are growing in size and popularity. With a small addressable market, we do not see PPH focussing on these countries in isolation.

International competitive pressures already growing

Competitor Tithe.ly now provides its giving and donor management services to 45 countries globally, significantly growing its reputation and status. Entering a new market, PPH would be competing with current donation solutions which include church website donations, Paypal and the cultural norms associated with cash giving.

Pushpay Holdings (PPH)

Priced as at 27 Jan 2021 (NZ\$)

1.68

12-month target price (NZ\$)*

1.75

Expected share price return

4.2%

Net dividend yield

0.0%

Estimated 12-month return

4.2%

Key WACC assumptions

Risk free rate

1.30%

Equity beta

1.08

WACC

8.1%

Terminal growth

2.0%

Spot valuations (NZ\$)

1. DCF

1.66

2. Revenue Multiple

1.57

3. n/a

n/a

DCF valuation summary (NZ\$m)

Total firm value

1,371

(Net debt)/cash

(49)

Less: Capitalised operating leases

(5)

Value of equity

1,317

Profit and Loss Account (US\$m)	2019A	2020A	2021E	2022E	2023E
Sales revenue	98.2	129.6	201.5	216.8	233.9
Normalised EBITDA	1.6	25.1	62.5	65.8	66.1
Depreciation and amortisation	(3.8)	(5.1)	(6.8)	(6.2)	(5.8)
Normalised EBIT	(2.2)	20.0	55.7	59.7	60.3
Net interest	0.2	(0.8)	(0.6)	0.6	1.8
Associate income	0	0	0	0	0
Tax	20.2	(5.7)	(14.5)	(16.9)	(17.4)
Minority interests	0	0	0	0	0
Normalised NPAT	18.8	16.0	37.2	43.4	44.7
Abnormals/other	0	0	0	0	0
Reported NPAT	18.8	16.0	37.2	43.4	44.7
Normalised EPS (cps)	6.9	5.8	3.4	3.9	4.0
DPS (NZ cps)	0	0	0	0	0

Growth Rates	2019A	2020A	2021E	2022E	2023E
Revenue (%)	40.5	32.0	55.5	7.6	7.9
EBITDA (%)	n/a	>100	>100	5.3	0.4
EBIT (%)	n/a	n/a	>100	7.1	1.1
Normalised NPAT (%)	n/a	-15.0	>100	16.7	3.1
Normalised EPS (%)	n/a	-15.2	-42.0	16.6	2.9
Ordinary DPS (%)	n/a	n/a	n/a	n/a	n/a

Cash Flow (US\$m)	2019A	2020A	2021E	2022E	2023E
EBITDA	1.6	25.1	62.5	65.8	66.1
Working capital change	(5.7)	(1.1)	2.5	1.9	2.6
Interest & tax paid	0	(1.0)	(1.5)	(17.6)	(17.7)
Other	1.4	0.4	(0.4)	0.8	0.8
Operating cash flow	(2.8)	23.5	63.1	51.0	51.8
Capital expenditure	(0.3)	(0.4)	(2.5)	(4.0)	(4.1)
(Acquisitions)/divestments	(0.0)	(84.4)	0	0	0
Other	0.1	(1.9)	(1.4)	0	0
Funding available/(required)	(3.1)	(63.2)	59.2	47.0	47.7
Dividends paid	0	0	0	0	0
Equity raised/(returned)	0	0	0	0	0
(Increase)/decrease in net debt	(3.1)	(63.2)	59.2	47.0	47.7

Balance Sheet (US\$m)	2019A	2020A	2021E	2022E	2023E
Working capital	8.1	11.3	17.1	18.4	19.9
Fixed assets	1.2	1.1	3.0	2.4	2.1
Intangibles	1.9	88.9	84.6	81.3	78.1
Right of use asset	0	3.3	3.3	3.3	3.3
Other assets	24.8	18.6	4.5	4.4	4.4
Total funds employed	36.0	123.3	112.4	109.8	107.7
Net debt/(cash)	(13.9)	49.7	(9.5)	(56.5)	(104.2)
Lease liability	0	2.3	2.3	2.3	2.3
Other liabilities	5.7	9.9	18.0	19.9	21.8
Shareholder's funds	44.3	61.3	101.6	144.1	187.8
Minority interests	0	0	0	0	0
Total funding sources	36.0	123.3	112.4	109.8	107.7

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

Valuation Ratios	2019A	2020A	2021E	2022E	2023E
EV/EBITDA (x)	>100x	44.7	19.3	17.9	17.8
EV/EBIT (x)	n/a	56.1	21.7	19.7	19.5
PE (x)	16.7	17.2	31.9	27.4	26.6
Price/NTA (x)	7.4	n/a	69.7	18.9	10.8
Free cash flow yield (%)	-0.2	2.1	5.3	4.3	4.4
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Gross dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Capital Structure	2019A	2020A	2021E	2022E	2023E
Interest cover EBIT (x)	n/a	n/a	n/a	>100x	33.7
Interest cover EBITDA (x)	9.9	n/a	n/a	>100x	36.9
Net debt/ND+E (%)	-45.8	44.8	-10.3	-64.5	-124.7
Net debt/EBITDA (x)	n/a	2.0	n/a	n/a	n/a

Key Ratios	2019A	2020A	2021E	2022E	2023E
Return on assets (%)	-4.1	14.8	34.7	33.1	27.4
Return on equity (%)	42.5	26.1	36.6	30.1	23.8
Return on funds employed (%)	67.1	14.0	49.2	54.1	57.1
EBITDA margin (%)	1.6	19.4	31.0	30.4	28.2
EBIT margin (%)	-2.2	15.4	27.6	27.5	25.8
Capex to sales (%)	0.4	0.3	1.2	1.8	1.7
Capex to depreciation (%)	36	20	101	141	158
Imputation (%)	0.0	0.0	0.0	0.0	0.0
Pay-out ratio (%)	0.0	0.0	0.0	0.0	0.0

Revenue	2019A	2020A	2021E	2022E	2023E
Subscription Revenue	26.7	35.3	48.4	50.3	51.4
Processing Revenue	69.3	92.0	150.6	165.9	181.9
Other Revenue	2.3	2.3	2.5	0.6	0.6
Total Revenue	98.2	129.6	201.5	216.8	233.9

Revenue model	2019A	2020A	2021E	2022E	2023E
% S churches	44%	41%	44%	46%	47%
Implied number S churches	3,366	3,354	3,804	4,129	4,379
% M/L churches	56%	59%	56%	54%	53%
Implied number M/L churches	4,283	4,826	4,876	4,926	4,976
Processing volume (US\$bn)	4.2	5.0	7.9	8.7	9.5

Seven factors that will determine PPH's international success

Seven key factors we view as determinants for where PPH could provide its services internationally are:

- **Greatest number of Evangelical Christians:** Christians are highly concentrated globally with 47% of all Christians currently in just 10 countries. Beyond the US, the countries with the highest number of Christians are Brazil, India, China and Nigeria.
- **Expected future church growth:** Asia, Africa and South America are widely expected to exhibit the highest church growth.
- **Greatest number of megachurches:** According to Leadership Network (a global Christian not for profit organisation), China, Kenya and South Korea have the most megachurches.
- **Smartphone adoption:** A supporting factor, South Korea (95%), Israel (88%) and Holland (87%) rank highest internationally.
- **Average levels of generosity:** Although the US has historically been the consistently number one ranked country in the World Giving Index, Indonesia, New Zealand and Australia top the most recent rankings.
- **Relative level of economic well-being:** We calculate economic well-being as a blend of disposable income per capita (US\$), GDP per capita and the respective growth rates. The top countries are Iceland, Singapore, USA, South Korea, Israel and Australia.
- **Clear hurdles to opportunity:** We highlight lack of religious freedom, potential withholding taxes in South America and growth in competition to be the largest wholesale challenges PPH would face entering a new geographic market.

After ruling out specific nations based on lack of religious freedom, size of population and speed of technological advancement, we rank the remaining countries by six key criteria, before applying a weighted average in order to determine the most attractive countries for PPH to enter. The countries that currently screen best are Nigeria, South Korea, Kenya, Singapore and Brazil.

Figure 1. Top ranked countries applying 6 ranked criteria for best opportunity internationally for PPH

Country Name	Number of Evangelicals	Church growth	Megachurches	Generosity	Smartphone penetration	Economic well being	Weighted total
Weighting	25%	15%	15%	5%	10%	30%	100%
Korea, Rep.	4	8	9	6	10	9	7.5
Nigeria	7	10	9	9	4	6	7.2
Singapore	3	8	7	10	8	10	7.2
Brazil	8	6	7	2	6	6	6.4
Kenya	5	8	10	10	4	5	6.3
Philippines	5	7	6	4	6	6	5.7
Israel	2	8	0	8	9	9	5.6
Australia	2	1	7	8	8	9	5.5
Germany	2	4	3	9	8	8	5.2
Ethiopia	6	9	2	5	5	4	5.2
Netherlands	1	1	7	10	9	8	5.1
South Africa	4	3	7	8	6	5	5.1

Source: Forsyth Barr analysis, OperationWorld, Leadership Network, GSMA, statista, pewresearch, WorldBank, caf

Figure 2. Top 12 countries around the world which may provide PPH international opportunities

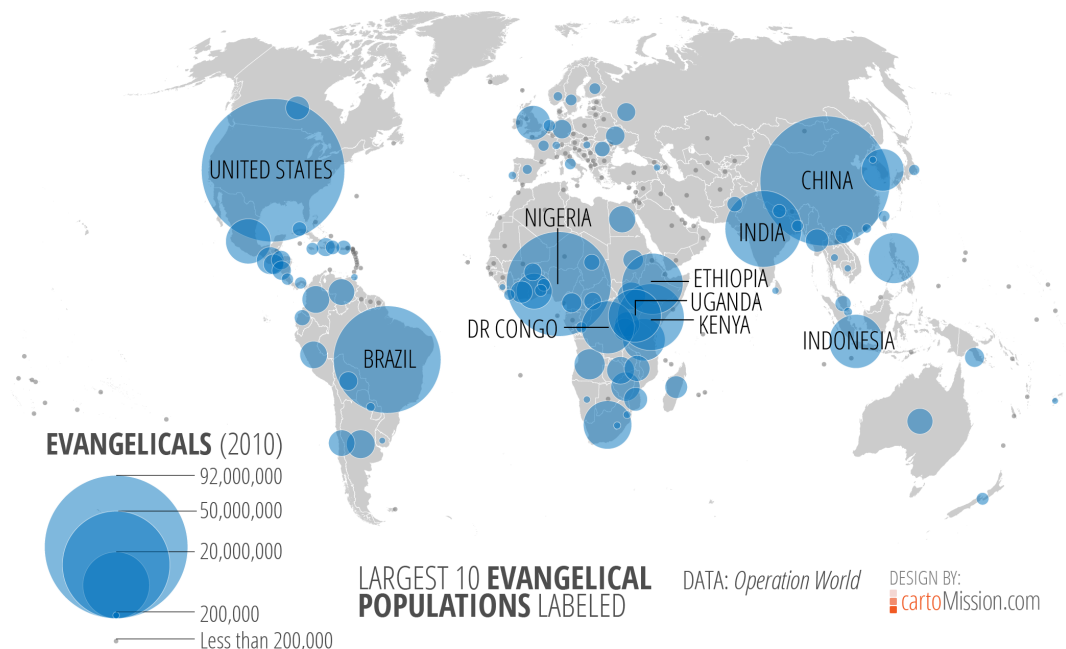


Source: Forsyth Barr analysis

#1 Highest number of Evangelical Christians

Outside of the US, the largest number of Evangelical Christians are in China, Brazil and Nigeria. Historically the highest Christian populations have been in Europe, however over the past century changing society values, decline in church attendance and growth of the church in other continents has meant Europe now significantly trails other domiciles.

Figure 3. Global evangelical distribution 2010



Source: Forsyth Barr analysis, Operationworld, cartomission

Europe in structural decline, Asia, South America and Africa all growing

- **Origination:** Since the early days of the book of Acts in the bible (written around 60 AD), church growth has expanded in a westward direction globally, originating from Israel, moving through Turkey before reaching Macedonia, Greece and into Europe (hence, why the New Testament was originally written in Greek) as far as Spain and Rome. The northern European countries (the Goths, Visigoths, Vandals and Huns) then adopted the Christian faith after the fall of Rome, forming the ancestors of the Swiss, Dutch, French and Germans of today.
- **Europe:** The Catholic church rose and fell before the Reformation where Christian principals formed the basis of society and large churches and cathedrals were built all across Europe. Over the past 100 years in Europe Christianity has been in structural decline — a view corroborated by comments made from Christian contacts currently living in Italy, Finland and Germany. After having the gospel for almost twenty centuries, the weight of history and tradition has crippled the church in Europe.
- **The US:** By the 1600s the earliest European settlers in North America were Puritan pilgrims seeking religious freedom (including Christopher Columbus) and as a result the American constitution was written based on biblical principals. This also saw the growth of the Evangelical and Pentecostal church which has now gone on to reach Latin America, Africa and Asia.
- **South America:** Churches in South America have been growing for several decades. There is a huge link between countries that were former colonies of previous European powers with those countries rooted within the Catholic church (Colombia/Spain).
- **Africa:** Church growth has passed through for a generation now, although missionaries are reporting that the church has still not fully penetrated cultural society. In the 1960s Africa was called the most Christian continent in the world, and today is it where the world's largest public Christian gatherings take place. It is widely known that there are more Anglicans now in Nigeria than there are in England.
- **Asia:** Recently there has been phenomenal growth of the church in South Korea, the Philippines, Singapore, Indonesia and Malaysia in particular (all first-generation church growth). There is also some small growth of the church in Thailand, Vietnam, India and Cambodia — all countries where there has never been any widespread church growth before.

#2 Expected future Christian growth rate

Asia, South America and Africa have shown Evangelical and Pentecostal church growth of gigantic proportions and missionaries expect that this trend will continue and accelerate. Of those countries showing both high historic levels of church attendance and strong expected future growth we highlight Nigeria, the Philippines, Mexico, Uganda, Kenya and Ethiopia.

Given the westward spread of church growth from Europe through the US to Asia, there are now expectations that this will continue westward over time and reach the Middle East. Although the total number of Christians in the Middle East are still exceptionally low, there are now signs of movement with Fox News estimating that the church in Iran is the fastest growing in the world.

Figure 4. Top 10 Christian countries (volume) 2015

Country	Christians 2015
US	248.1
Brazil	179.9
Mexico	113.6
Russia	103.5
Phillipines	94.3
Nigeria	86.6
Democratic Republic of the Congo (DRC)	72.1
China	70.9
Ethiopia	57.4
Germany	54.8

Source: Forsyth Barr analysis, pewresearch

Figure 5. Top 10 Christian countries (volume) 2020

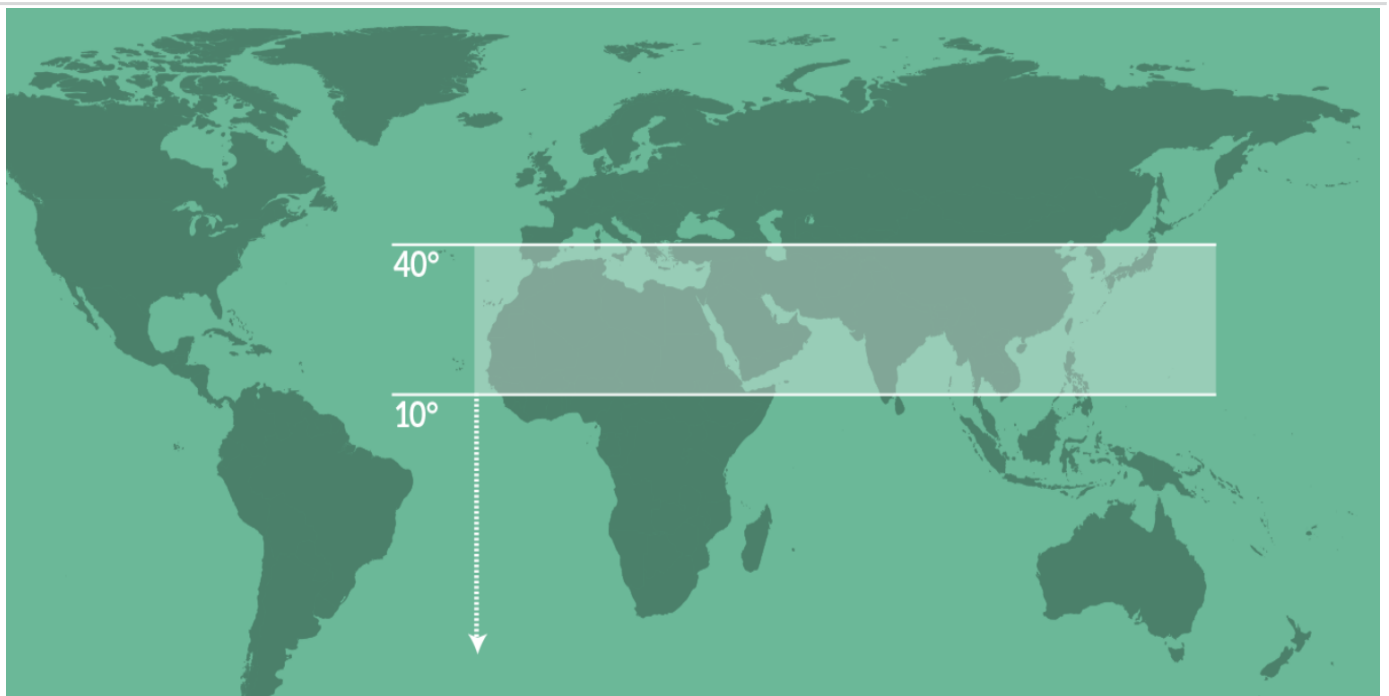
Country	Christians 2060	Movement
US	262.3	6%
Brazil	186.5	4%
Nigeria	174.2	101%
DRC	160.1	122%
Phillipines	152.3	62%
Mexico	127.7	12%
Tanzania	117.9	New entry
Uganda	96.2	New entry
Kenya	91.8	New entry
Ethiopia	78.6	37%

Source: Forsyth Barr analysis, pewresearch

Where PPH can't go right now....

Having reached South America and Africa over the past 150 years, church growth only recently moved further westward to Asia, leaving what missionaries now describe as the 10/40 window – the only remaining area in the globe which hasn't seen material church growth. This is a narrow strip of the globe between the latitudes of 10 and 40 degrees bounded by Korea on the east and North Africa on the west with the centre Israel, where the church originally started. There are early signs and expectation that this window too will see church growth, particularly considering the recent resurgence in Jews converting to Christianity in Israel itself.

Figure 6. The 10/40 window – the remaining region on the globe that hasn't had material church growth



Source: Forsyth Barr analysis, GFA

#3 Greatest number of Megachurches

Outside of the US, according to global not for profit organisation Leadership Network, Asia has the greatest number of megachurches with 145 of the 398 listed (36%). This is followed by Africa at around 120 megachurches. Data suggests there are 398 megachurches globally ex-USA, in comparison to 1,700 in the USA. We note within the top 12 countries there is a very high concentration in major cities, with 19 megachurches in Nairobi, 17 in Seoul and 12 in Lagos.

The largest international megachurches are vast in comparison to US megachurches. For example, the largest US megachurch is Life.Church, Edmond which has an average weekly attendance of ~53,000 (pre COVID-19). In comparison, the largest global church is the Yoido Full Gospel Church in South Korea which across all its campuses has ~480,000 average weekly attendees.

We calculate the average weekly attendance of the 398 global megachurches to be 12,107 whilst just the top 200 US megachurches have average weekly attendance of 8,720. When applying the remaining smaller 1,500 US megachurches, the average size would be significantly smaller in comparison to global averages.

Figure 7. Megachurches by continent

Megachurches by continent	
Asia	145
Africa	120
Europe	59
Latin America & Caribbean	50
Oceania	24
Total	398

Source: Forsyth Barr analysis, Leadership Network

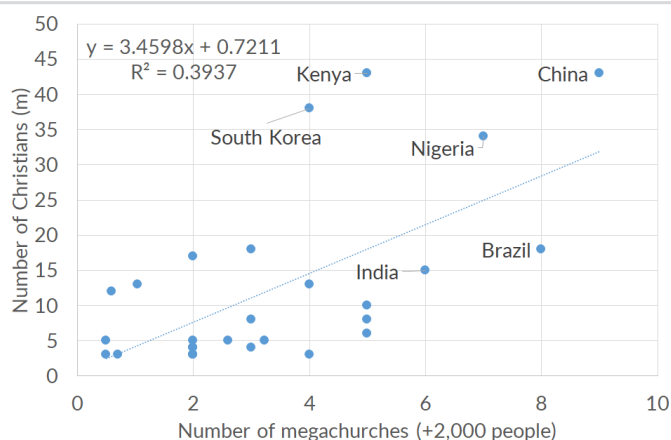
Figure 8. Megachurches by country top 15

Megachurches by country	
China	43
Kenya	43
Korea	38
Nigeria	34
Brazil	18
United Kingdom	18
Australia	17
India	15
Netherlands	13
South Africa	13
Singapore	12
Indonesia	10
Ghana	8
Philippines	8
Uganda	6

Source: Forsyth Barr analysis, Leadership Network

Whilst there are countries such as Brazil, Kenya and Nigeria with many Evangelical Christians, it does not always translate to having the greatest number of megachurches. South Korea has the 14th highest number of Evangelical Christians around the world, yet is joint second behind the US in terms of megachurches. India has the 5th highest number of Evangelical Christians but only has the 8th highest number of megachurches. There is little correlation (39%) between the number of megachurches and number of Evangelical Christians but we highlight countries that are high on megachurches relative to the number of Christians. These countries offer PPH the greatest positioning to capitalise on future attendance growth going forward. These include Singapore, Netherlands and New Zealand, although with PPH already in New Zealand (across a handful of churches), it is not seen as a large and growing market.

Figure 9. Number of megachurches vs Number of Evangelicals



Source: Forsyth Barr analysis, OperationWorld, Leadership Network

Figure 10. Number of megachurches/1m Evangelical Christians

Country	Megachurch/1m	Country	Megachurch/1m
Singapore	20	Germany	4
Netherlands	13	South Africa	3
New Zealand	10	Ghana	3
South Korea	10	India	3
Kenya	9	Colombia	3
Australia	9	Brazil	2
Uk	6	Indonesia	2
France	6	Guatemala	2
Nigeria	5	Zimbabwe	2
China	5	Malaysia	2

Source: Forsyth Barr analysis, OperationWorld, Leadership Network

#4 Degree of Smartphone adoption and digital infrastructure

Speaking to a number of international church contacts, it is clear that globally churches historically follow society in regards to technology adoption. Typically in a high tech country churches are more likely to embrace digital and app-based giving in a more wholesale manner. We include a table in Appendix 1 showing smartphone penetration by country with South Korea (95%), Israel (88%) and the Netherlands (87%) as the top ranked countries. We believe this should translate to a material rate of adoption as technology is introduced to churches in these countries.

Additionally, the younger the average age of church members, the more likely it is to be an early adopter of digital giving. Evangelical and Nondenominational church congregational members are predominantly Millennials and Gen Z, which clearly have a higher propensity to embrace technology. The Catholic churches and traditional protestant churches are predominantly made up of Baby Boomers and Gen X and have a lower propensity to embrace digital giving.

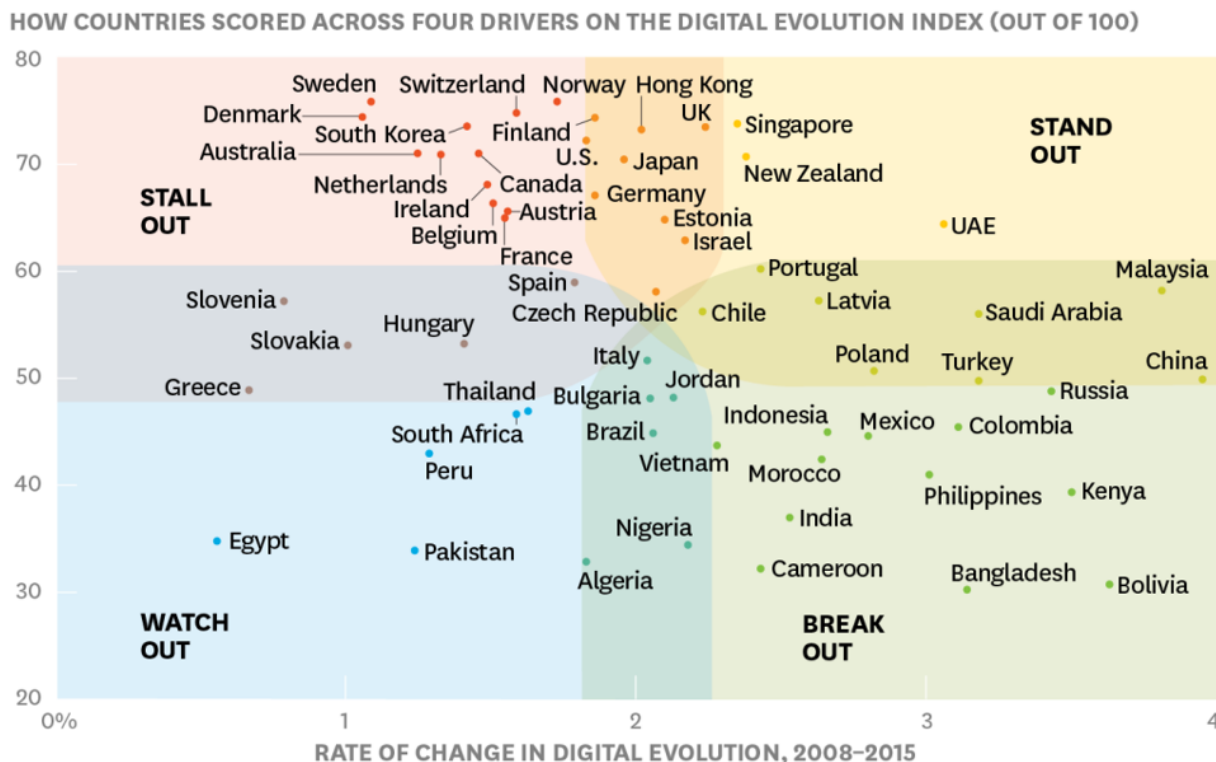
Riding the wave of a cashless society?

The Harvard Business review indexed the 60 largest countries in the world in terms of digital competitiveness. Results show countries categorised as Stall out (high development slow future growth), Stand out (both high development and growth), Break out (growth but no historic development) and Watch out (countries with neither development or strong growth prospects).

We view all categories other than Watch out (countries such as Egypt, Pakistan, Algeria and Peru) as international opportunities for PPH. Many of the countries in the break out category are also showing very high church growth, while many of the countries in the stall out zone are showing signs of structural church decline.

The largest thematic that PPH can align with is those countries moving to a cashless society, and typically these are countries in the break out zone. We view greater opportunities in countries that are gearing towards a cashless society, rather than those stagnating. Additionally, feedback suggests that fears over a country's legacy banking infrastructure may both be positive and negative for prospective church donors – a fear that PPH software may too be compromised, but leaving a wide open opportunity for PPH given the lack of trusted alternatives.

Figure 11. Growth in digital evolution vs historic digital infrastructure by country



Source: Forsyth Barr analysis, hbr

#5 Average levels of generosity

According to Charities Aid Foundation (CAF) and Gallup, the US has been the most generous country globally over the past 10 years. However, for 2018, Indonesia topped the rankings followed by Australia and New Zealand. Clearly PPH has benefited from exposure to generosity in the US and any international expansion would also have to take into account relative levels of generosity. The World Giving Index below is driven by surveyed results of 150,000 individuals showing 1) percentage of participants which helped a stranger or someone they did not know who needed help, 2) those who donated money to a charity, and 3) those who volunteered time to an organisation.

Figure 12. World Giving Index 2018

Rank	Country	Rank	Country	Rank	Country	Rank	Country
1	Indonesia	37	Ghana	73	Namibia	109	Estonia
2	Australia	38	Israel	74	Bangladesh	110	Russia
3	New Zealand	39	Belgium	75	Jordan	111	Ivory Coast
4	United States	40	South Africa	76	Zimbabwe	112	Poland
5	Ireland	41	Luxembourg	77	Uruguay	113	Gabon
6	United Kingdom	42	Sweden	78	Panama	114	Mexico
7	Singapore	43	Turkmenistan	79	Mozambique	115	Congo
8	Kenya	44	Finland	80	Colombia	116	Montenegro
9	Myanmar	45	Mongolia	81	Ukraine	117	Togo
10	Bahrain	46	Honduras	82	Burkina Faso	118	Georgia
11	Netherlands	47	Slovenia	83	Portugal	119	Ecuador
12	United Arab Emirates	48	South Sudan	84	Tanzania	120	Hungary
13	Norway	49	Dominican Republic	85	Lebanon	121	Belarus
14	Haiti	50	Uganda	86	Bolivia	122	Brazil
15	Canada	51	Saudi Arabia	87	Senegal	123	Armenia
16	Nigeria	52	Nepal	88	Slovakia	124	India
17	Iceland	53	Uzbekistan	89	Philippines	125	Czech Republic
18	Malta	54	Spain	90	Bosnia and Herzegovina	126	Bulgaria
19	Liberia	55	Kyrgyzstan	91	Pakistan	127	El Salvador
20	Sierra Leone	56	Jamaica	92	Algeria	128	Japan
21	Zambia	57	Malawi	93	Mali	129	Serbia
22	Germany	58	DRC	94	Argentina	130	Macedonia
23	Trinidad and Tobago	59	Paraguay	95	Lesotho	131	Turkey
24	Denmark	60	South Korea	96	Kazakhstan	132	Croatia
25	Mauritius	61	Chile/Thailand	97	Botswana	133	Mauritania
26	Switzerland	62	Costa Rica	98	Ethiopia	134	Laos
27	Sri Lanka	63	Cameroon	99	Moldova	135	Tunisia
28	Libya	64	Taiwan	100	Madagascar/Peru	136	Afghanistan
29	Iran	65	Guatemala	101	Chad	137	Latvia
30	Hong Kong	66	Kosovo	102	Romania	138	Lithuania
31	Gambia	67	Nicaragua	103	Rwanda	139	Azerbaijan
32	Austria	68	Italy	104	Morocco	140	Cambodia
33	Kuwait	69	Central African Republic	105	Benin	141	Palestinian Territory
34	Iraq	70	Guinea	106	Egypt	142	China
35	Cyprus	71	Niger	107	Venezuela	143	Greece
36	Tajikistan	72	France	108	Albania	144	Yemen

Source: Forsyth Barr analysis, caf

#6 Relative level of economic well-being

We calculate economic well being as a blend of disposable income per capita (US\$), disposable income per capita growth, GDP per capita (US\$) and GDP growth. Taking into account a weighted average of all four metrics, the highest performing countries in this category are Iceland, Singapore, the US, South Korea, Israel and Australia. We include the economic rankings in the Appendix. For PPH to view a country as an attractive proposition, it needs to exhibit a high degree of economic well being in order to drive donations.

Figure 13. Economic well being: Weighted disposable Income/capita, disposable income growth, GDP/capita, GDP growth

Country	DI/capita (40%)	DI growth (15%)	GDP/capita (30%)	GDP growth (15%)	Weighted (100%)
Iceland	10	10	10	8	9.70
Singapore	10	8	10	9	9.55
United States	10	7	10	7	9.10
Korea, Rep.	9	8	9	9	8.85
Israel	9	8	9	8	8.70
Australia	10	5	10	6	8.65
Panama	8	10	8	10	8.60
New Zealand	9	8	9	7	8.55
Estonia	9	7	9	8	8.55
Ireland	10	2	10	8	8.50

Source: Forsyth Barr analysis, WorldBank

Brazil ranks top for processing TAM

We also calculate an estimated TAM by country to show the greatest financial opportunity, combining average wage (US\$) with other metrics such as number of Christians, the average number of donors and smartphone penetration.

- We multiply the average wage (the tithe is taken pre-tax) by the number of Evangelical Christians in the country and multiple by 44% (the average number of Evangelical church goers who donate according to the University of Notre Dame)
- We then adjust smartphone penetration of a country by 75% (using the US as a proxy: 81% smartphone penetration, and ~60% average digital church penetration)
- By multiplying these together and applying the 2% take rate we calculate an approximate revenue TAM and rank by size
- Brazil ranks top with a processing TAM of ~US\$185m followed by South Korea at ~ US\$170m

Figure 14. Approximate revenue opportunity by country

	Average wage US\$	Tithe	Number of evangelicals (m)	Donor proportion	Smartphone penetration	Church penetration	Processing TAM (US\$)
	[a]	[b]	[c]	[d]	[e]	[f=e x75%]	g=[a x b x d x f]
Brazil	9,130	10%	51.3	44%	60%	45.0%	185.0
S. Korea	33,790	10%	8.1	44%	95%	71.3%	170.0
Nigeria	2,030	10%	48.8	44%	39%	29.3%	13.0
S. Africa	6,040	10%	10.6	44%	60%	45.0%	12.0
Singapore	59,590	10%	0.6	44%	82%	61.5%	11.0
Philippines	3,850	10%	11.5	44%	55%	41.3%	10.0
Kenya	1,750	10%	19.9	44%	41%	30.8%	9.0
Ghana	2,040	10%	5.8	44%	24%	18.0%	8.0
Israel	43,110	10%	0.1	44%	88%	66.0%	7.0
Ethiopia	850	10%	16.6	44%	12%	9.0%	6.0
Uganda	800	10%	12.5	44%	7%	5.3%	5.0
DRC	530	10%	12.6	44%	6%	4.5%	4.0

Source: Forsyth Barr analysis, WorldBank, Operationworld, GSMA, pewresearch, statista

#7 Wholesale challenges to PPH entering a specific domicile

There are several structural challenges in a number of countries that are likely to rule out opportunities for PPH. In particular, we rule out countries which show high levels of government restrictions on religious activities.

Religious freedom – a significant hurdle

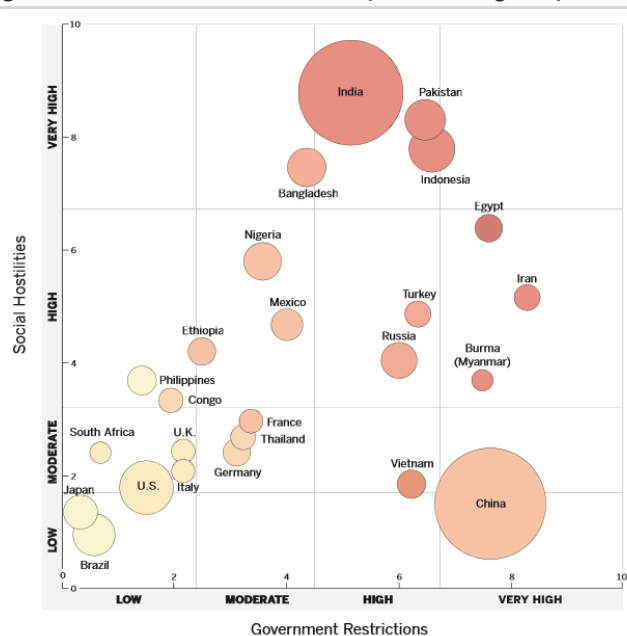
We use data from USnews.com to determine countries that display characteristics of government restrictions or social hostilities towards religious groups. Countries exhibiting both social and government restrictions would be the most challenging for PPH to enter such as Egypt, Indonesia, Pakistan or Iran. Interestingly, Brazil ranks lowest on both government restrictions and social hostilities.

Figure 15. Top countries for little religious freedom

Gov restrictions high	Gov restrictions medium
Saudi Arabia	Libya
Iran	Sudan
Uzbekistan	Tajikistan
China	Jordan
Egypt	Afghanistan
Burma	Morocco
Maldives	Laos
Eritrea	Syria
Malaysia	Somalia
Brunei	Tunisia
Indonesia	Azerbaijan
Mauritania	Kuwait
Pakistan	Kazakhstan
Turkey	Yemen
Vietnam	Iraq
Algeria	India
Belarus	Moldova
Russia	Cuba
Turkmenistan	Oman

Source: Forsyth Barr analysis, USnews.com

Figure 16. Countries with social and political religious pressures



Source: Forsyth Barr analysis, USnews.com

Withholding taxes – a potential South American headwind

We also highlight withholding taxes to be a potential constraint to PPH providing its services to South American countries. These countries require the buyer of the goods or services to deduct a specific amount from the payment made to the supplier. The withholding tax is then submitted to the tax authority. This is typically around 10%. To be competitive the supplier would then absorb this cost on behalf of the buyer by reducing its fees. This would be an added cost for PPH to provide services to Brazil.

International competition – limited but growing: Tithe.ly in 45 countries

The majority of megachurches in the world currently receive digital donations through the church website or via Paypal. Cash donations still make up the largest proportion of donations, typically taken during the Sunday service. To be seen to give a large cash donation on a Sunday is a sign to be respected and therefore this could be a potential hurdle for digital solutions, which are more discrete and private.

We recognise Tithe.ly already provides services to churches in Nigeria, Singapore and Japan. It states on its website that it provides services for churches in 45 countries. Critically for PPH, South Korea is not listed, which may mean there are other unknown and significant hurdles to overcome, or a great opportunity awaiting.

PPH specific obstacles

Aside from the obvious language differences which we believe can be overcome with relative ease, PPH would have to account for increased headcount in additional countries and navigate the relationship-based nature of the church software market.

Case Studies: South Korea, Nigeria, Brazil, Israel, Singapore

South Korea — economic boom and upward mobility

Following the Korea war in the 1950s which devastated the country, the church, which had already been expanding slowly, surged in growth. The arrival of American missionaries such as Horace Allen and the Underwood family helped rebuild the country, building schools, hospitals and universities. Church growth spread with development. Seoul is now crowded with high rise, modern buildings and a vast number of churches, with some city blocks containing more than one church. South Korea ranks third highest for the number of megachurches by country, fourth in our calculation of economic well-being per country and is highest globally for smartphone penetration (95%).

Yoido Full Gospel church in Seoul is the largest church in the world with current attendance standing around 480,000. It was founded in 1958 by Young-Gi-Cho on the outskirts of Seoul with five members, expanding to 800 by 1962 and 10,000 by 1973. It is associated with the Assemblies of God, a Pentecostal denomination in the US, while the model works by home-cell group movements, with thousands of lay ministers delegated to local areas. The flagship church campus houses 12,000, with seven services on a Sunday translated into 16 languages. The city of Seoul is divided into zones, with church members in each zone meeting weekly under a zone leader. When a zone reaches a certain size, it is then divided with about half its members joining the new cell led by the assistant zone leader. By 2015 it had several thousand zones. Typically the teaching part of the Sunday service is broadcast into each zone.

Figure 17. Yoido Full Gospel church main arena



Source: Forsyth Barr analysis, church website

Figure 18. SaRang church, Seoul which has capacity of 45,000



Source: Forsyth Barr analysis, church website

Nigeria — high attendance, megachurches and growing demand for digital infrastructure

One of Africa's more wealthy countries, Nigeria, has strong Christian roots, a large number of megachurches and a high expected Christian growth rate. The Pentecostal and Anglican church are vast in scale with Tithe.ly already providing its services to a number of churches (Deeper Christian Life of ~60,000 congregation members). The largest churches are run by a small number of very powerful pastors. Anecdotal feedback suggests that mobile pay is already strong in Nigeria, although churches have historically been about 'pass the bucket' culture as flashing wealth is a sign to be respected. In westernised cities such as Lagos where technology has taken off quickly we believe there is a huge market for PPH. Despite concerns over development of infrastructure, feedback suggests that Nigerians are exceptionally resourceful, with families often finding sufficient ways to generate power to charge the phone, often taking priority over electricity in the home, prioritised for communication and small business sales.

Figure 19. Redeemed Christian Church of God, Lagos — exterior



Source: Forsyth Barr analysis, Guardian

Figure 20. Redeemed Christian Church of God, Lagos — interior



Source: Forsyth Barr analysis, Guardian

Brazil — vast number of Christians and megachurches, withholding tax a hurdle

Brazil ranks highly on our scorecard for total number of Evangelical Christians by country (third), least government restrictions or social hostility towards religion (first) and number of megachurches by country (fifth). Given an estimated smartphone penetration of around 60%, combined with 10% of the country's average wage and number of giving church goers, Brazil ranks highest by commercial total addressable market for PPH outside of the US. However, levels of generosity and average economic-well being are below average, while Pewresearch estimated church growth to be a modest 4% between 2015 and 2020. It is likely that PPH services to Brazil would be subject to withholding taxes.

A former colony of Portugal, the Catholic faith is deep rooted in Brazilian culture. Anecdotal feedback from church goers in Brazil suggests that the Non-denominational and Pentecostal churches are now growing very strongly with the younger demographics moving from the Catholic church to the Evangelical church. There are a number of very large churches in Brazil with a high number of campuses including Igreja Universal and Assembleia de Deus. Feedback also suggests that Paypal is 'massive' in Brazil while the country is beginning to move towards contactless payments, although it is not considered as fully secure. Online payments are growing but the fear is card cloning and contacts suggest that it will be some time before smartphone payments are welcomed by everyone. The quality of banking infrastructure is improving with just a single number needed to send a payment, but feedback suggests that people still prefer to do online banking in branches with company machines.

Figure 21. Igreja Universal do Reino de Deus, Brazil



Source: Forsyth Barr analysis, church website

Figure 22. The growing Pentecostal church, Jerusalem, Israel



Source: Forsyth Barr analysis

Israel — a long term contender

Surprisingly, Israel is currently showing signs of high Christian growth. Despite Judaism still being the predominant faith in Israel, in the 1960s a new movement of Jewish people emerged who believe in Jesus and are known as 'Messianic Jews' by Christians today. These are numerically strong in the US and in Israel itself (after establishment in 1948). In 2015 there were an estimated 175,000 to 250,000 Messianic Jews in the U.S. (350,000 worldwide). Today that number is estimated to be nearer 1.2 million, with Messianic Judaism growing in both North and South America, Asia and Russia. Caspari estimates there to be up to 50,000 Messianic Jews in Israel today with 160 pastors spread over roughly 240 congregations and 350–400 Messianic Jewish congregations in Russia. We see Israel in particular as a longer term opportunity for providing digital payments given the countries investment into technology and smartphone penetration. Speaking to a pastor of one of these new Messianic Jewish congregations, the church currently uses Paypal which he believes to be relatively outdated but currently adequate given the small size of its congregation. In time this may provide a good opportunity for PPH.

Singapore — growing economic and global church hub

Today Singapore's harbour is the busiest container port in the world and ranks 7th globally in terms of disposable income per capita. The church of Singapore has been referred to as the 'Antioch of Asia' (Antioch in the New Testament was the launching place for the Apostle Paul) given the number of missionaries based out of Singapore. Singapore has also been ranked as one the least corrupt countries in the world, with a population of only 5.7m people, while freedom of religion is protected. The church of Singapore has grown in size and ambition, and is expected to continue.

Appendix 1: Economic well-being

Figure 23. Top countries GDP per capita (US\$)

Country	GDP/capita (US\$)	Country	GDP/capita (US\$)
Luxembourg	114,705	United Arab Emirates	43,103
Switzerland	81,994	United Kingdom	42,330
Ireland	78,661	New Zealand	42,084
Norway	75,420	France	40,494
Iceland	66,945	Japan	40,247
United States	65,298	Bahamas, The	34,864
Singapore	65,233	Italy	33,228
Qatar	62,088	Kuwait	32,000
Denmark	60,170	Korea, Rep.	31,846
Australia	55,060	Caicos Islands	31,353
Netherlands	52,331	Brunei Darussalam	31,087
Sweden	51,615	Spain	29,600
Austria	50,138	Cyprus	27,858
Finland	48,783	Slovenia	25,946
Germany	46,445	Estonia	23,723
Belgium	46,421	Bahrain	23,504
Canada	46,195	Czech Republic	23,495
Israel	43,592	Portugal	23,252

Source: Forsyth Barr analysis, WorldBank

Figure 24. Top countries GDP growth (%)

Country	DI growth %	Country	DI growth %
Zimbabwe	17%	Moldova	6%
China	12%	Kenya	6%
Lao PDR	11%	Cambodia	6%
Angola	11%	Papua New Guinea	6%
Bangladesh	10%	Burkina Faso	6%
Djibouti	10%	Costa Rica	6%
Ethiopia	9%	Timor-Leste	5%
Vietnam	8%	Philippines	5%
Solomon Islands	8%	Guyana	5%
Iceland	8%	Uruguay	5%
Nepal	8%	Bhutan	5%
Panama	8%	Congo, Dem. Rep.	5%
Myanmar	7%	Peru	5%
India	7%	Thailand	5%
Bolivia	7%	Maldives	5%
Sri Lanka	7%	Pakistan	5%
Burundi	7%	Mongolia	5%
Indonesia	7%	Chile	5%

Source: Forsyth Barr analysis, WorldBank

Figure 25. Top countries disposable income per capita (US\$)

Country	DI/capita (US\$)	Country	DI/capita (US\$)
Norway	66,019	Israel	36,155
Switzerland	65,569	United Kingdom	35,825
Luxembourg	60,189	France	34,835
Iceland	58,080	New Zealand	34,057
United States	53,497	Japan	31,890
Denmark	52,641	Kuwait	31,629
Qatar	51,536	Italy	28,832
Singapore	50,176	Korea, Rep.	26,856
Sweden	46,114	Cyprus	26,328
Netherlands	44,690	Spain	25,698
Australia	43,346	Bahamas, The	24,321
Ireland	42,177	Brunei Darussalam	24,020
Austria	42,095	Caicos Islands	24,001
Finland	41,001	Slovenia	20,701
Germany	40,285	Bahrain	20,094
United Arab Emirates	39,978	Estonia	19,214
Belgium	38,860	Saudi Arabia	18,799
Canada	37,653	Portugal	18,784

Source: Forsyth Barr analysis, WorldBank

Figure 26. Top 10 year disposable income per capita growth (%)

Country	GDP growth	Country	GDP growth
Djibouti	10%	Zimbabwe	7%
China	10%	Thailand	6%
Lao PDR	10%	Sri Lanka	6%
Bangladesh	10%	Fiji	6%
Mongolia	10%	Indonesia	6%
Moldova	9%	Philippines	6%
Timor-Leste	9%	Bhutan	6%
Ethiopia	8%	Sao Tome and Principe	6%
Nepal	8%	Costa Rica	6%
Vietnam	8%	Seychelles	6%
Cambodia	8%	Papua New Guinea	6%
Panama	8%	Guatemala	6%
Ghana	7%	Uruguay	6%
Bolivia	7%	Singapore	5%
Kenya	7%	Georgia	5%
Congo, Dem. Rep.	7%	Korea, Rep.	5%
Myanmar	7%	Peru	5%
India	7%	Solomon Islands	5%

Source: Forsyth Barr analysis, WorldBank

Appendix 2: Smartphone adoption

Figure 27. Smartphone adoption by country

Country	%	Country	%	Country	%	Country	%	Country	%
South Korea	95%	Spain	80%	Japan	66%	Greece	59%	Mexico	52%
Israel	88%	Germany	78%	Canada	66%	Brazil	60%	Tunisia	45%
Netherlands	87%	UK	76%	Hungary	64%	South Africa	60%	Vietnam	45%
Sweden	86%	France	75%	Poland	63%	Philippines	55%	Indonesia	42%
Australia	81%	Italy	71%	China	60%	Iran	54%	Kenya	41%
US	81%	Argentina	68%	Russia	59%	Turkey	54%	Nigeria	39%

Source: Forsyth Barr analysis, GSMA, statista, pewresearch

Appendix 3: Countries that Tithe.ly services

Figure 28. Countries that Tithe.ly offers payment services to

Europe	Asia	Africa	Australasia	Americas	Other
Albania	Cambodia	Ghana	Australia	Barbados	Israel
Austria	Hong Kong SAR China	Kenya	New Zealand	Brazil	Oman
Belgium	Japan	Nigeria		Canada	Qatar
Denmark	Malaysia	South Africa		Colombia	Russia
Finland	Philippines			Costa Rica	United Arab Emirates
France	Singapore			Mexico	
Germany	Thailand			Puerto Rico	
Hungary				United States	
Iceland					
Ireland					
Netherlands					
Norway					
Poland					
Slovakia					
Spain					
Sweden					
Switzerland					
Ukraine					
United Kingdom					

Source: Forsyth Barr analysis, Tithe.ly

Appendix 4: Concentration of Evangelical Christians and Christian growth rates

Figure 29. Number of Evangelical Christians per country

Country	# of Evangelicals (m)
USA	91.8
China	75.3
Brazil	51.3
Nigeria	48.8
India	26.2
Kenya	19.9
Ethiopia	16.6
Indonesia	13.0
DRC	12.6
Uganda	12.5
Philippines	11.5
South Africa	10.6
Mexico	9.1
South Korea	8.1
Tanzania	8.0
Sudan	6.3
Ghana	5.8
UK	5.4
Angola	4.2
Zimbabwe	3.9

Source: Forsyth Barr analysis

Figure 30. Highest global Christian growth rate

Country	AAGR	Years to double
Nepal	10.9%	6.6
China	10.9%	6.6
UAE	9.3%	7.7
Saudi Arabia	9.2%	7.8
Qatar	7.8%	9.2
Oman	7.6%	9.4
Yemen	7.1%	9.1
Mongolia	6.0%	12.1
Cambodia	5.9%	12.3
Bahrian	5.5%	13.1
Benin	4.9%	14.8
Bukina Faso	4.8%	15.0
South Sudan	4.7%	15.4
Bhutan	4.6%	15.7
Mali	4.5%	15.9
Brunei	4.5%	16.0
Guinea	4.4%	16.2
Kuwait	4.3%	16.9
Singapore	4.1%	16.3
Caicos Islands	4.0%	18.1

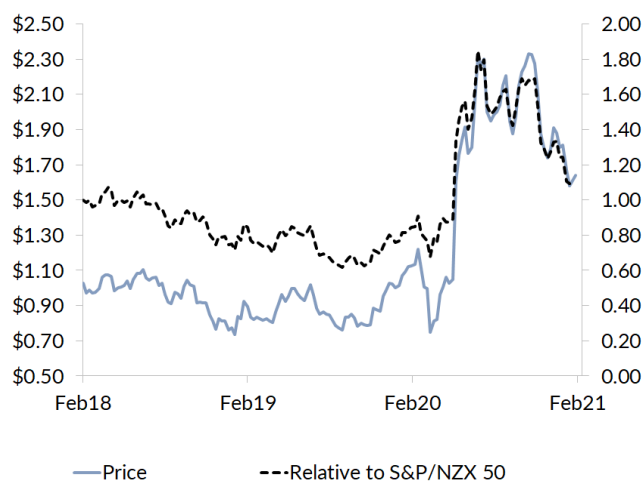
Source: Forsyth Barr analysis, Discipleallnations

Appendix 5: Global megachurches outside the US

Figure 31. Top 50 megachurches globally outside of the US

Rank	Attendance	Church Name	Continent	Country	City
1	480,000	Yoido Full Gospel Church	Asia	Korea	Seoul
2	275,000	Living Faith Church	Africa	Nigeria	Lagos
3	225,000	Calvary Temple Church	Asia	India	Hyderabad
4	140,000	Bethany Church of God	Asia	Indonesia	Surabaya
5	75,000	Onnuri Community Church	Asia	Korea	Seoul
6	70,000	Omega Power Ministries	Africa	Nigeria	Port Harcourt
7	70,000	New Life Church	Asia	India	Mumbai
8	65,000	Deeper Christian Life Ministry	Africa	Nigeria	Lagos (Gbagada)
9	65,000	Victory Metro Manila	Asia	Philippines	Manila
10	60,000	Pyungkang Cheil Presbyterian Church	Asia	Korea	Seoul
11	55,000	Christ's Commission Fellowship	Asia	Philippines	Ortigas Center
12	50,000	Redeemed Christian Church of God	Africa	Nigeria	Lagos
13	50,000	Yesu Darbar (Royal Court of Jesus)	Asia	India	Allahabad
14	50,000	Nambu Full Gospel Church	Asia	Korea	Anyang
15	50,000	Word of Hope Church	Asia	Philippines	Quezon City
16	50,000	Mision Cristiana Elim	South America	El Salvador	San Salvador
17	50,000	Catedral Evangelica de Jotabeche Chile	South America	Chile	Santiago
18	50,000	Igreja de Paz (Church of Peace)	South America	Brazil	Santarém
19	50,000	Lagoinha Baptist Church	South America	Brazil	Belo Horizonte
20	42,000	Comunidad Cristiana Agua Viva	South America	Peru	Lima
21	40,000	Apostolic Church	Africa	Nigeria	Lagos (Ketu)
22	40,000	New Life Assembly of God	Asia	India	Chennai
23	38,000	Hillsong Church	Oceania	Australia	Sydney
24	35,000	United Family International Church	Africa	Zimbabwe	Harare
25	35,000	Enlightened Christian Gathering	Africa	South Africa	Pretoria
26	35,000	Kwanglim (Burning Bush) Methodist Church	Asia	Korea	Seoul
27	32,000	CRC Christian Church	Africa	South Africa	Bloemfontein
28	30,000	Word of Life Bible Church	Africa	Nigeria	Ajamimogha Warri
29	30,000	Lords Chosen Charismatic Revival Church	Africa	Nigeria	Lagos
30	30,000	Christ Embassy	Africa	Nigeria	Lagos
31	30,000	Doxa Deo	Africa	South Africa	Pretoria
32	30,000	Gereja Bethel Indonesia	Asia	Indonesia	Medan
33	30,000	Suwan Central Church	Asia	Korea	Suwon
34	30,000	Sarang Community Church	Asia	Korea	Seoul
35	30,000	New Creation Church	Asia	Singapore	Singapore
36	30,000	Mawar Sharon church	Asia	Indonesia	
37	30,000	Jesus Is Lord Church	Asia	China	Hong Kong/North Point
38	26,545	El Lugar de Su Presencia	South America	Colombia	Bogota
39	25,000	Daystar Christian Centre	Africa	Nigeria	Lagos
40	25,000	Rhema Bible Church	Africa	South Africa	Johannesburg
41	25,000	Manmin Central Church	Asia	Korea	Seoul
42	25,000	Kumnan Methodist Church	Asia	Korea	Seoul
43	25,000	Eunhye wa Chilli (Church of Grace and Truth)	Asia	Korea	Anyang
44	25,000	Sooyoungro Presbyterian Church	Asia	Korea	Busan
45	25,000	Mision Carismatica Internacional	South America	Colombia	Bogota
46	25,000	Lluvias de Gracia (Showers of Grace)	South America	Guatemala	Guatemala City
47	25,000	Ministerio La Cosecha	South America	Honduras	San Pedro Sula
48	24,000	Watoto Church	Africa	Uganda	Kampala
49	24,000	Myungsung Presbyterian Church	Asia	Korea	Seoul
50	23,000	Sungrak (Holy Joy) Baptist Church	Asia	Korea	Seoul

Source: Forsyth Barr analysis, Leadership Network

Figure 32. Price performance


Source: Forsyth Barr analysis

Figure 33. Substantial shareholders

Shareholder	Latest Holding
Christopher & Banks V Limited	15.7%
Harbour Asset Management & Jarden Securities Limited	5.1%

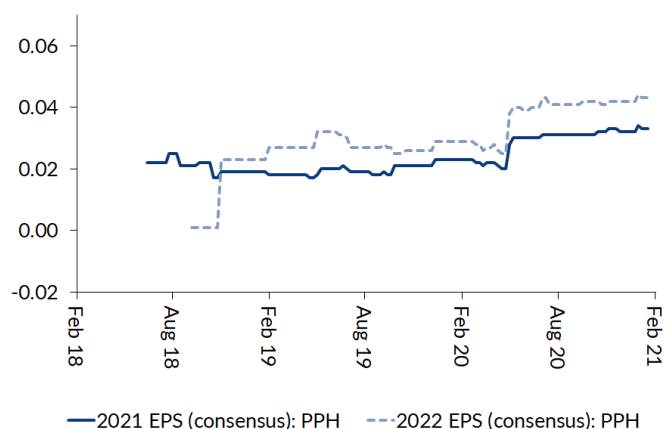
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

Figure 34. International valuation comparisons

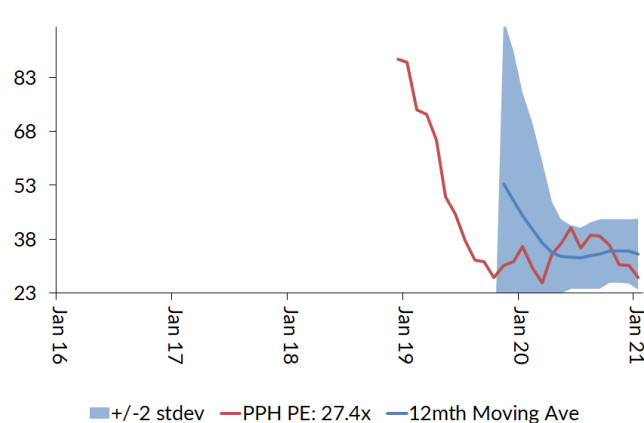
Company	Code	Price	Mkt Cap (m)	PE 2021E 2022E	EV/EBITDA 2021E 2022E	EV/EBIT 2021E 2022E	Cash Yld 2022E
(metrics re-weighted to reflect PPH's balance date - March)							
Pushpay Holdings	PPH NZ	NZ\$1.68	NZ\$1,855	31.9x 27.4x	19.9x 18.8x	22.3x 20.8x	0.0%
ADOBE INC	ADBE US	US\$472.07	US\$225,978	42.7x 39.8x	39.2x 28.5x	46.6x 32.4x	0.0%
ATLISSIAN CORP PLC-CLASS A	TEAM US	US\$230.10	US\$57,341	>50x >50x	>75x >75x	>75x >75x	0.0%
J2 GLOBAL INC	JCOM US	US\$98.79	US\$4,504	12.3x 11.2x	9.0x 8.3x	11.2x 10.7x	0.0%
PAYCOM SOFTWARE INC	PAYC US	US\$412.33	US\$24,126	>50x >50x	70.9x 58.0x	>75x 74.7x	0.0%
PAYLOCITY HOLDING CORP	PCTY US	US\$199.75	US\$10,836	>50x >50x	>75x 56.2x	>75x n/a	0.0%
PAYPAL HOLDINGS INC	PYPL US	US\$247.83	US\$291,329	>50x >50x	45.3x 37.9x	53.1x 41.9x	0.0%
REALPAGE INC	RP US	US\$86.96	US\$8,857	44.1x 39.0x	29.1x 25.5x	33.3x n/a	n/a
RINGCENTRAL INC-CLASS A	RNG US	US\$383.26	US\$34,352	>50x >50x	>75x >75x	>75x n/a	n/a
VEEVA SYSTEMS INC-CLASS A	VEEV US	US\$293.35	US\$44,432	>50x >50x	70.2x 62.3x	74.0x 65.3x	0.0%
WORKDAY INC-CLASS A	WDAY US	US\$235.16	US\$56,437	>50x >50x	49.2x 44.5x	66.6x 60.9x	0.0%
ZOOM VIDEO COMMUNICATIONS-A	ZM US	US\$389.66	US\$113,714	>50x >50x	>75x >75x	>75x >75x	0.0%
Compco Average:				33.1x 30.0x	44.7x 40.1x	47.5x 47.7x	0.0%
PPH Relative:				-3% -9%	-56% -53%	-53% -56%	-100%

EV = Current Market Cap + Actual Net Debt

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

Figure 35. Consensus EPS momentum (NZ\$)


Source: Forsyth Barr analysis

Figure 36. One year forward PE (x)


Source: Forsyth Barr analysis

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OUTPERFORM	NEUTRAL	UNDERPERFORM
42.6%	40.7%	16.7%

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