NEW ZEALAND QUANTITATIVE RESEARCH

5 MARCH 2020

Reporting Season
A New Low is Forecast, Downgrades Aplenty

MATTHEW LEACH
matthew.leach@forsythbarr.co.nz
+64 4 495 1324

LIAM DONNELLY
liam.donnelly@forsythbarr.co.nz
+64 4 495 8194

The February 2020 reporting season has drawn to a close with growth (albeit negative) finishing in-line with expectations at a median level, however, slightly better at an aggregated level. This wasn't particularly surprising given that expectations were low on entering the season. Our analysts had signalled that post result revisions could be weighed to the downside and this has eventuated with post result EPS revisions for FY20 and FY21 finishing net negative with a factor of ~4:1. Our two year weighted average annualised EPS growth estimates are now +3.9% (vs +4.9%) and +2.9% (vs +5.0%) at a median level. Despite the downgrades, company outlook statements were evenly balanced.

The Quantitative Scorecard

The Quantitative Scorecard assigns a score to each result based on beat/miss, FY+1 revision, relative price reaction and outlook statement. Scores are then tabulated to show a frequency distribution of the results.

The season has (again) concluded with a scorecard having a LHS skew and a negative factor score in excess of 2:1, which perhaps is not surprising given the large number of FY20 EPS downgrades put through. In fact, the season finished with the largest number of net downgrades since 2015 and the lowest number of upgrades since 2012.

Figure 1. Reporting Season Quantitative Scorecard (beat vs miss, EPS FY20 revision, relative price reaction, outlook)

Result Season Scorecard: -4	Result Season Scorecard: -3	Result Season Scorecard: -2	Result Season Scorecard: -1	Result Season Scorecard: 0	Result Season Scorecard: +1	Result Season Scorecard: +2	Result Season Scorecard: +3	Result Season Scorecard: +4
FRE	AIR	EBO	ABA	DGL	NZM	GNE	PCT	ATM
SKL	CVT	MCY	AIA	PGW	NZX	OCA		CNU
	MEL	NZR	CEN	STU	PFI			
	MHJ	SKC	FBU		RBD			
	POT	THL	MET		VHP			
	SKT		NZK					
	SUM		SCL					
			SPK					
			VCT					

Source: Forsyth Barr analysis

Analyst fade well and truly steps in

We present our updated market growth for FY20 and FY21 at both a weighted and median level in Figure 2. Median growth for FY20 is now negative, with levels (at both a median and weighted level) not seen since 2012 .

Figure 2. S&P/NZX 50 Market EPS Growth (indexed)

	Weighted EPS (indexed)					Median EPS (indexed)				
	Dec-19	Growth	**Current**	Growth	Change	**Dec-19**	Growth	**Current**	Growth	Change
FY19 base	100.00		100.00			100.00		100.00		
FY20	104.14	+4.1%	102.08	+2.1%	▼ **-206bp**	103.04	+3.0%	98.72	-1.3%	▼ **-432bp**
FY21	109.99	+5.6%	108.03	+5.8%	▲ **+22bp**	110.31	+7.1%	105.89	+7.3%	▲ **+21bp**
Annualised:		**+4.9%**		**+3.9%**	▼ **-93bp**		**+5.0%**		**+2.9%**	▼ **-212bp**

Source: Forsyth Barr analysis

Analysis of the Numbers

February 2020 Reporting Season Conclusions

In general, the latest NZ reporting season has concluded with Beats and Misses generally balanced, although Dividend per Share misses outweighed beats by a factor of 2:1. At the aggregated level, growth (six month on pcp), was slightly better than expectations, however, remained in negative territory. Otherwise, growth at a median level was in-line with our expectations (but again negative).

Actual aggregated Revenue growth finished flat at -0.1% (vs expectations of -2.9%), EBITDA growth is +0.3% (vs -0.8%) and Normalised EPS growth closed at -6.1% (vs -7.0%). Dividend per Share growth was down -2.4% (vs -1.7%).

Figure 3. Reporting Season Snapshot (6mth growth on pcp) for companies reported

	Aggregated (For Companies Reported)		Median (For Companies Reported)		
	Forecast	Actual	Forecast	Actual	Beats vs Misses*
Total Revenue	-2.9%	-0.1%	+2.8%	+3.0%	6:5
EBITDA	-0.8%	+0.3%	+2.0%	+2.7%	14:8
EBIT	-6.2%	-4.8%	+0.4%	-0.2%	13:12
Normalised NPAT	-6.0%	-4.8%	+0.2%	-0.4%	14:14
Normalised EPS	**-7.0%**	**-6.1%**	**-1.2%**	**-1.8%**	**13:14**
Dividend per Share	-1.7%	-2.4%	+0.0%	+0.0%	3:6
No of Companies:	36	36	36	36	

Source: Forsyth Barr analysis, *vs Forsyth Barr expectations +/- 2.5%

Reporting season overview

Of the 36 companies that have reported to date (with Ag and Retail still to report), 13 reported ahead of our EPS expectations, nine in-line, and 14 coming in below our expectations (using a +/- 2.5% tolerance level).

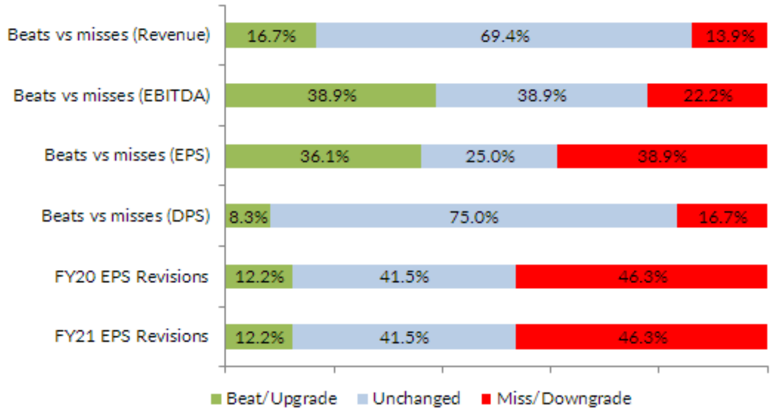
In general, the reporting season finished net negative for revisions to our analysts FY20 forecasts. Revenue revisions closed with four upgrades versus 11 downgrades, EBITDA was 12 upgrades and 11 downgrades, Normalised EPS was just five upgrades versus 19 downgrades and Dividend per Share revisions finished with three upgrades and nine downgrades. FY21 revisions for Revenue, EBITDA, Normalised EPS and Dividend per Share were of a similar scale. Figure 4 summarises the overall number of beats/misses at the EPS and DPS line, as well as the revisions to FY20 estimates, post result, for the companies that have reported this season.

Figure 4. Reporting Season Snapshot: Summary

EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY20 Revision	Post Result EBITDA FY20 Revision	Post Result EPS FY20 Revision	Post Result DPS FY20 Revision	Outlook Statement
13 Above	3 Above	4 Upgrades	12 Upgrades	5 Upgrades	3 Upgrades	12 Positive
9 In-line	27 In-line	21 Unchanged	13 Unchanged	12 Unchanged	20 Unchanged	12 Neutral
14 Below	6 Below	11 Downgrades	11 Downgrades	19 Downgrades	9 Downgrades	12 Negative

Source: Forsyth Barr analysis, *vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

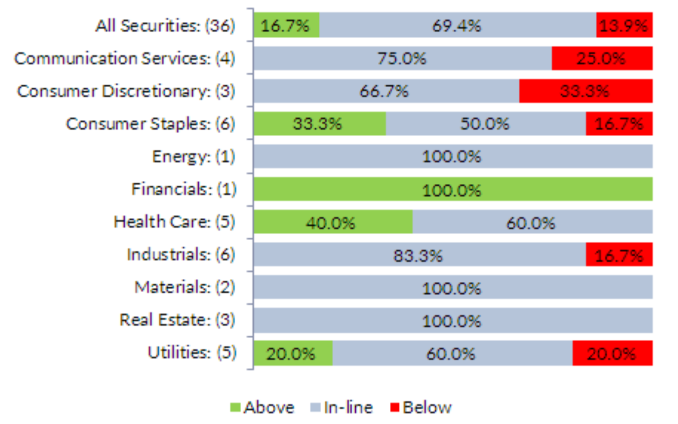
Figure 5. Translation of results through to forecasts



Source: Forsyth Barr analysis *vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

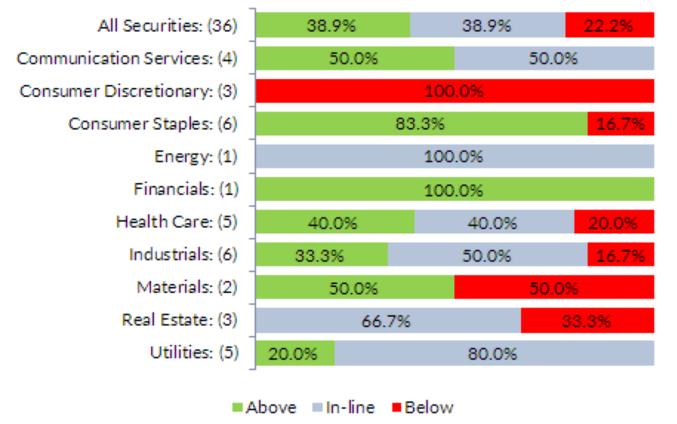
We provide a more detailed view of the results outcomes in Figures 6–11 for all companies including each respective GIC sector.

Figure 6. Beats vs Misses: Total Revenue



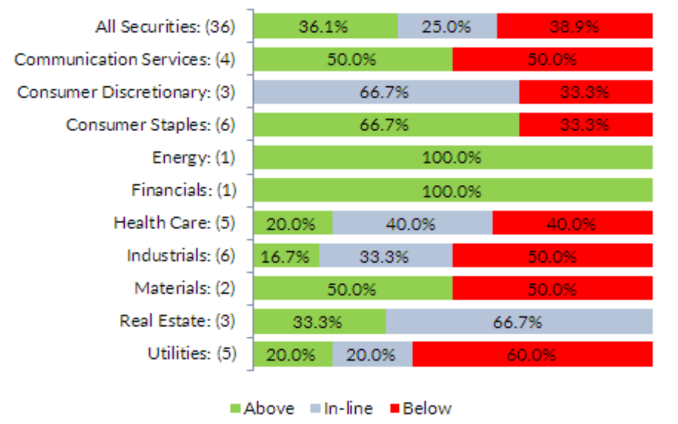
Source: Forsyth Barr analysis

Figure 7. Beats vs Misses: EBITDA



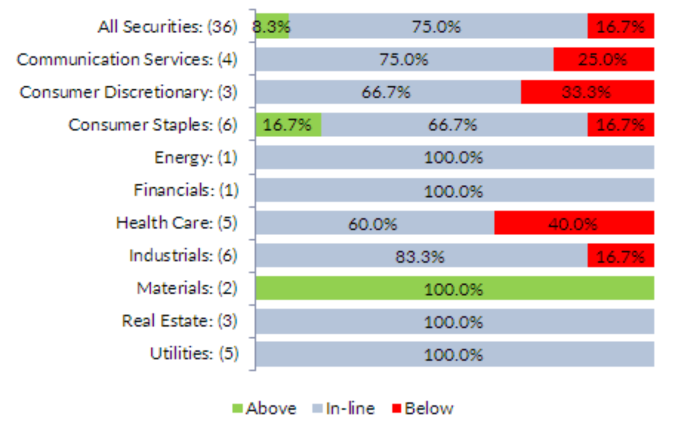
Source: Forsyth Barr analysis

Figure 8. Beats vs Misses: Normalised EPS



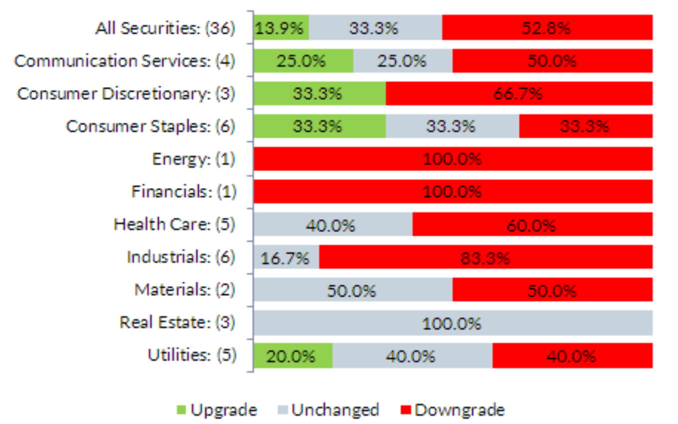
Source: Forsyth Barr analysis

Figure 9. Beats vs Misses: Dividend per Share



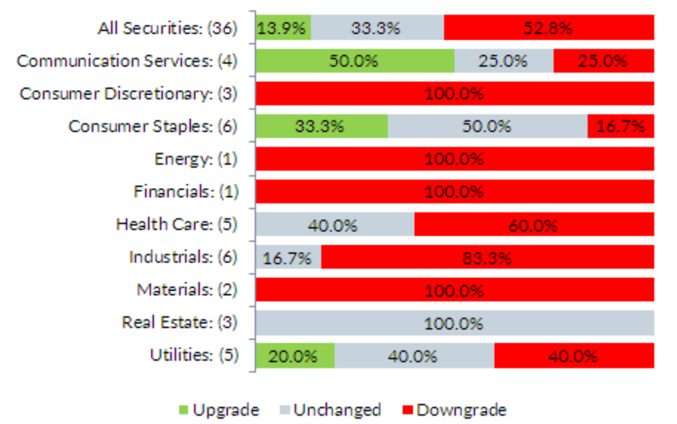
Source: Forsyth Barr analysis

Figure 10. Post Result EPS Revisions (FY20)



Source: Forsyth Barr analysis

Figure 11. Post Result EPS Revisions (FY21)



Source: Forsyth Barr analysis

The Quantitative Scorecard

The Quantitative Scorecard assigns a score to each result based on beat/miss, FY+1 revision, relative price reaction and outlook statement. Scores are then tabulated to show a frequency distribution of the results.

Again, as per the last major reporting season, we see a lack of positives flowing through to the scorecard.

Figure 12. Reporting Season Quantitative Scorecard (beat vs miss, EPS FY20 revision, relative price reaction, outlook)

Result Season Scorecard: -4	Result Season Scorecard: -3	Result Season Scorecard: -2	Result Season Scorecard: -1	Result Season Scorecard: 0	Result Season Scorecard: +1	Result Season Scorecard: +2	Result Season Scorecard: +3	Result Season Scorecard: +4
FRE	AIR	EBO	ABA	DGL	NZM	GNE	PCT	ATM
SKL	CVT	MCY	AIA	PGW	NZX	OCA		CNU
	MEL	NZR	CEN	STU	PFI			
	MHJ	SKC	FBU		RBD			
	POT	THL	MET		VHP			
	SKT		NZK					
	SUM		SCL					
			SPK					
			VCT					

Source: Forsyth Barr analysis

True market surprise

Using a three-day post result price reaction, measuring the absolute price reaction versus the market, the market appears somewhat satisfied with the results season. At the time of writing, market reaction is slightly positive (using a +/- 2.0% threshold), with 15 companies outperforming and 12 underperforming, while 9 companies performed in-line with the market.

Companies that had the most notable positive price reaction (absolute versus market) include: NZM (+12.7%), CNU (+11.8%), EBO (+8.5%), PGW (+8.0%), ATM (+7.1%), DGL (+5.6%), FBU (+4.9%), MET (+4.9%), STU (+4.1%), CEN (+4.0%), VCT (+3.3%), PCT (+2.9%), GNE (+2.8%), ABA (+2.2%) & SKC (+2.2%).

Whereas the market appears disappointed with the results of: NZR (-11.5%), MEL (-9.3%), AIR (-9.1%), SUM (-8.5%), CVT (-7.8%), NZK (-7.7%), MCY (-6.3%), RBD (-5.7%), SKL (-3.6%), FRE (-3.6%), POT (-3.1%) & MHJ (-2.6%).

Figure 13. Reporting Season Snapshot: Results versus expectations and market surprise

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Market Surprise 3 Day Post Result (Absolute Price Reaction vs Market)	Post Result EPS FY20 Revision	Post Result DPS FY20 Revision	Ratings Change
CNU	▲ Above	In-line	▲ +11.8%	▲ +62.3%	+0.0%	
ATM	▲ Above	In-line	▲ +7.1%	▲ +3.4%	n/a	
NZM	▲ Above	▼ Below	▲ +12.7%	+1.2%	▼ -100.0%	
OCA	▲ Above	In-line	-0.7%	+0.0%	+0.0%	
NZK	▲ Above	▼ Below	▼ -7.7%	+0.0%	+0.0%	
PCT	▲ Above	In-line	▲ +2.9%	-0.0%	+0.8%	
AIA	▲ Above	In-line	+0.7%	▼ -1.8%	+0.0%	
NZX	▲ Above	In-line	+1.5%	▼ -2.7%	+0.0%	
MCY	▲ Above	In-line	▼ -6.3%	▼ -3.1%	+0.0%	
PGW	▲ Above	▲ Above	▲ +8.0%	▼ -5.7%	+0.0%	
SCL	▲ Above	In-line	+1.3%	▼ -8.2%	▲ +5.0%	
STU	▲ Above	▲ Above	▲ +4.1%	▼ -18.3%	▲ +100.0%	
NZR	▲ Above	In-line	▼ -11.5%	▼ -72.6%	▼ -100.0%	
RBD	In-line	In-line	▼ -5.7%	▲ +18.7%	n/a	
PFI	In-line	In-line	+1.7%	+1.2%	+0.7%	
VHP	In-line	In-line	+1.0%	+0.0%	+0.0%	▼ (OUTPERFORM to NEUTRAL)
MEL	In-line	In-line	▼ -9.3%	▼ -2.4%	-0.1%	
POT	In-line	In-line	▼ -3.1%	▼ -3.7%	▼ -1.7%	
MHJ	In-line	▼ Below	▼ -2.6%	▼ -4.2%	▼ -40.0%	
ABA	In-line	In-line	▲ +2.2%	▼ -7.4%	▼ -4.2%	
SUM	In-line	In-line	▼ -8.5%	▼ -13.8%	▼ -13.8%	
AIR	In-line	In-line	▼-9.1%	▼ -20.3%	+0.0%	
GNE	▼ Below	In-line	▲ +2.8%	▲ +5.3%	-0.7%	
DGL	▼ Below	In-line	▲ +5.6%	▲ +3.3%	+0.0%	
MET	▼ Below	▼ Below	▲ +4.9%	+0.1%	▼ -100.0%	
VCT	▼ Below	In-line	▲ +3.3%	+0.1%	▼ -1.5%	▲ (UNDERPERFORM to NEUTRAL)
CVT	▼ Below	In-line	▼ -7.8%	+0.0%	n/a	
CEN	▼ Below	In-line	▲ +4.0%	-0.1%	+0.0%	
THL	▼ Below	▼ Below	-1.5%	-0.1%	+0.0%	
FBU	▼ Below	▲ Above	▲ +4.9%	-0.4%	▲+4.3%	
SPK	▼ Below	In-line	+0.5%	▼ -2.6%	+0.0%	
SKL	▼ Below	In-line	▼ -3.6%	▼ -3.9%	▼ -3.7%	
EBO	▼Below	▼ Below	▲ +8.5%	▼ -4.5%	▼ -7.1%	
FRE	▼ Below	In-line	▼ -3.6%	▼ -9.0%	+0.0%	
SKT	▼ Below	In-line	-0.3%	▼ -13.2%	n/a	
SKC	▼ Below	In-line	▲ +2.2%	▼ -14.8%	+0.0%	

Source: Forsyth Barr analysis

*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%, Market surprise > +/- 2.0%

Rating changes

Over the course of the reporting season our analysts have made two rating changes for companies that have reported this season.

- VCT (UNDERPERFORM to NEUTRAL)

"We are lifting our rating to NEUTRAL as VCT's stable earnings profile should provide investors with confidence around the dividend outlook for the coming five years (at least until the next electricity regulatory price reset)".

- VHP (OUTPERFORM to NEUTRAL)

"We have pulled our investment rating back from OUTPERFORM to NEUTRAL given the strong share price performance over the last 12 months. VHP remains a key LPV exposure late in the cycle given the defensive nature and quality of its portfolio".

Dividends

Actual dividend per share growth has finished in-line with expectations at a median level, but lower than expectations at the aggregated level, with the final count of beats below misses. Overall three companies exceeded our expectations, six were below, and 27 were in-line.

Companies that reported dividends above our expectations include: FBU, PGW & STU.

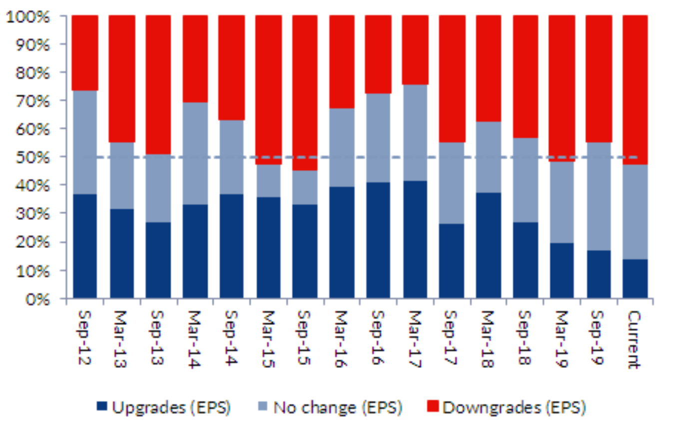
Companies that surprised on the downside included: EBO, MET, MHJ, NZK, NZM & THL.

Post result, our analysts have made three positive and nine negative revisions to FY20 dividend estimates, and 3 positive and 13 negative revisions to FY21 estimates. (using a tolerance level of +/- 1.5%).

Earnings revisions

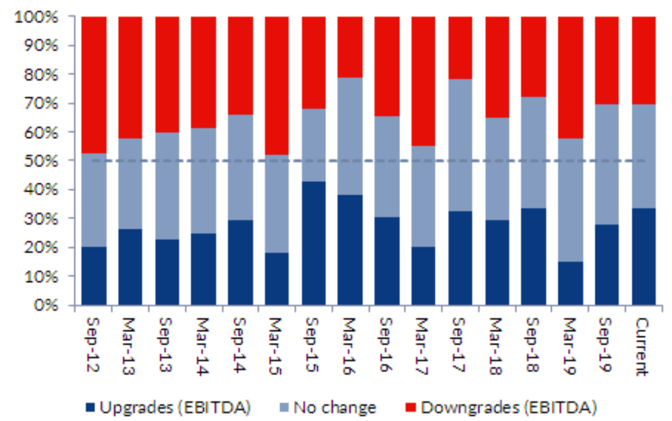
We present the forecast (+1) revision history for Normalised EPS and EBITDA in Figures 14 & 15. We see that this season has produced the lowest number of upward revisions since 2012, with downgrades matching the lows seen in 2015 (at an EPS level).

Figure 14. Forecast +1 Revision History (EPS)



Source: Forsyth Barr analysis

Figure 15. Forecast +1 Revision History (EBITDA)



Source: Forsyth Barr analysis

Figures 16 & 17 show our FY20 & FY21 Revenue and EBITDA growth estimates for the New Zealand market as a whole (versus December 2019). To allow for the potential that a reduced base may inflate a single year's growth estimate, we provide two year annualised growth figures as well as earnings at an indexed level.

Weighted average two year annualised Revenue growth remains circa +3.9%, whereas median Revenue growth (FY19–21) has dropped slightly to +3.3% (from +3.6%).

Figure 16. S&P/NZX 50 Market Revenue Growth (indexed)

	Weighted Revenue (indexed)					Median Revenue (indexed)				
	Dec-19	**Growth**	**Current**	**Growth**	**Change**	**Dec-19**	**Growth**	**Current**	**Growth**	**Change**
FY19 base	100.00		100.00			100.00		100.00		
FY20	103.24	+3.2%	102.56	+2.6%	▼ -68bp	102.38	+2.4%	101.72	+1.7%	▼ -65bp
FY21	107.77	+4.4%	107.93	+5.2%	▲ +84bp	107.27	+4.8%	106.75	+4.9%	▲ +16bp
Annualised:		**+3.8%**		**+3.9%**	▲ +7bp		**+3.6%**		**+3.3%**	▼ -25bp

Source: Forsyth Barr analysis

EBITDA (two year annualised) growth (median) is now at +4.9% (from +4.7%) via a +65ppt rise in FY20, whilst weighted average growth is now circa +6.7%. (from +5.8%).

Figure 17. S&P/NZX 50 Market EBITDA Growth (indexed)

	Weighted EBITDA (indexed)					Median EBITDA (indexed)				
	Dec-19	**Growth**	**Current**	**Growth**	**Change**	**Dec-19**	**Growth**	**Current**	**Growth**	**Change**
FY19 base	100.00		100.00			100.00		100.00		
FY20	105.75	+5.7%	106.75	+6.7%	▲ +100bp	102.30	+2.3%	102.96	+3.0%	▲ +65bp
FY21	112.03	+5.9%	113.80	+6.6%	▲ +66bp	109.53	+7.1%	110.01	+6.8%	▼ -22bp
Annualised:		**+5.8%**		**+6.7%**	▲ +83bp		**+4.7%**		**+4.9%**	▲ +23bp

Source: Forsyth Barr analysis

Of the 36 companies that have reported to date, FY20 post result revisions (EPS) include five upgrades and 19 downgrades, with 12 unchanged. Following the revisions to our FY20 EPS forecasts, our FY20 median EPS growth is now -1.3% (market weighted +2.1%).

The most notable EPS upgrades were: CNU (+62.3%), RBD (+18.7%) & GNE (+5.3%).

Downgrades included: NZR (-72.6%), AIR (-20.3%), STU (-18.3%), SKC (-14.8%), SUM (-13.8%), SKT (-13.2%) & FRE (-9.0%).

Figure 18. S&P/NZX 50 Market EPS Growth (indexed)

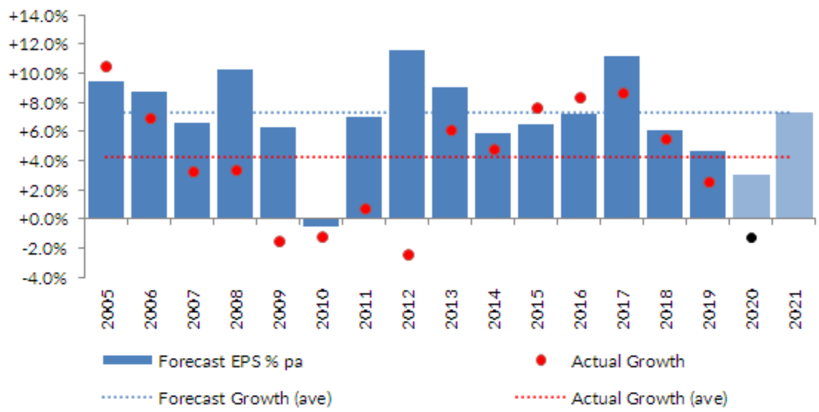
	Weighted EPS (indexed)					Median EPS (indexed)				
	Dec-19	**Growth**	**Current**	**Growth**	**Change**	**Dec-19**	**Growth**	**Current**	**Growth**	**Change**
FY19 base	100.00		100.00			100.00		100.00		
FY20	104.14	+4.1%	102.08	+2.1%	▼ **-206bp**	103.04	+3.0%	98.72	-1.3%	▼ **-432bp**
FY21	109.99	+5.6%	108.03	+5.8%	▲ **+22bp**	110.31	+7.1%	105.89	+7.3%	▲ **+21bp**
Annualised:		**+4.9%**		**+3.9%**	▼ **-93bp**		**+5.0%**		**+2.9%**	▼ **-212bp**

Source: Forsyth Barr analysis

Annualising our total market EPS growth for FY19–21, the median two year annualised growth is now +2.9% (down from +5.0%), whilst weighted growth is +3.9% (down from +4.9%).

Figure 19 shows the 15 year history of median EPS growth (expected versus actual). We note that the last time we saw this (low) level of growth (at either a median or weighted level) was back in 2012.

Figure 19. Median EPS growth expectations (less 12mths) versus actual



Source: Forsyth Barr analysis

FORSYTH BARR

Outlook statements

Figures 20, 21 & 22 include the summary of the outlook statements and guidance comments. Companies that iterated positive guidance include: ATM, CNU, DGL, GNE, NZM, NZX, OCA, PCT, PFI, RBD, SPK & VHP. Whilst the outlook for AIA, AIR, CVT, FBU, FRE, NZR, PGW, POT, SKC, SKL, SKT & THL was less positive.

Figure 20. New Zealand Reporting Season Snapshot: Outcomes, FY20 Revisions and Outlook Statements

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY20 Revision	Post Result EBITDA FY20 Revision	Post Result EPS FY20 Revision	Post Result DPS FY20 Revision	Outlook Statement
CNU	▲ Above	In-line	+0.5%	▲ +4.1%	▲ +62.3%	+0.0%	**Positive**. CNU's revenue has now stabilised with the growing fibre base now bigger than the declining copper one.
ATM	▲ Above	In-line	+0.9%	▲ +3.8%	▲ +3.4%	n/a	**Positive**. ATM reaffirmed recent outlook commentary for continued strong revenue growth and previous margin (and marketing spend) guidance (29–30% in FY20 and ~30% in medium-term).
NZM	▲ Above	▼ Below	▼ -2.2%	-0.6%	+1.2%	▼ -100.0%	**Slight Positive**. NZM continues to find cost savings, has had recent growth in Radio revenue, and its digital initiatives have made initial progress.
NZK	▲ Above	▼ Below	+0.0%	+0.0%	+0.0%	+0.0%	**Neutral**. NZK has reaffirmed its FY20E Operating EBITDA guidance range of NZ$25.0m to NZ$28.5m and reiterated its medium-term volume forecasts (~8,000mt in FY21 and ~9,200mt in FY22).
OCA	▲ Above	In-line	+0.0%	+0.0%	+0.0%	+0.0%	**Positive**. We upgrade our forecasts following results slightly ahead of our forecasts. OCA continues to make progress in its development activity and the transition of its older care portfolio.
PCT	▲Above	In-line	+0.0%	+0.0%	-0.0%	+0.8%	**Positive**. A solid development pipeline including Commercial Bay opening March 2020, Wynyard Stage 2 opening late-2020 and One Queen Street commencing mid-2020.
AIA	▲ Above	In-line	▼ -1.9%	▼ -2.3%	▼ -1.8%	+0.0%	**Slight Negative**. Near to medium term earnings risk due to prolonged coronavirus fall-out and deferral of Northern runway project.
NZX	▲ Above	In-line	+0.6%	▲ +4.9%	▼ -2.7%	+0.0%	**Positive**. Wealth Technologies business continues to present an excellent pipeline of opportunities. FY20 EBITDA guidance appears conservative.
MCY	▲ Above	In-line	▼ -4.5%	▼ -1.9%	▼ -3.1%	+0.0%	**Neutral**. MCY has downgraded its FY20 EBITDAF guidance - NZ$15m to NZ$500m due to weaker hydro generation volumes. We view this guidance cut as being down to the usual hydrological variation.
PGW	▲ Above	▲ Above	▼ -1.5%	▼ -4.5%	▼ -5.7%	+0.0%	**Slight Negative**. Weakness in key commodity prices and coronavirus uncertainty has dampened the outlook for the Livestock business.
SCL	▲ Above	In-line	-0.8%	▲ +14.9%	▼ -8.2%	▲ +5.0%	**Neutral**. SCL has reaffirmed its FY20E Underlying NPAT guidance and we have cut EBITDA forecasts -3.0%, reflecting lower margin assumptions in the Horticulture business, and a lower earnings base for Logistics.
STU	▲ Above	▲ Above	+0.0%	▼ -4.7%	▼ -18.3%	▲ +100.0%	**Neutral**. No FY20 guidance has been provided. Management remains perennially optimistic and expects an improved 2H on the back of contract wins and cost savings.
NZR	▲ Above	In-line	▼ -9.4%	▼ -22.4%	▼ -72.6%	▼ -100.0%	**Negative**. The near-term outlook remains challenging with coronavirus fears impacting on the demand outlook at a time when the industry is still dealing with unexpectedly low refining margins.
RBD	In-line	In-line	▲ +16.3%	▲ +25.2%	▲ +18.7%	n/a	**Positive**. RBD has a clear growth mandate and FY20 is expected to be another transformational year as the company looks to introduce the Taco Bell brand to New Zealand and enter a new market.

Source: Forsyth Barr analysis

*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

Figure 21. New Zealand Reporting Season Snapshot: Outcomes, FY20 Revisions and Outlook Statements

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY20 Revision	Post Result EBITDA FY20 Revision	Post Result EPS FY20 Revision	Post Result DPS FY20 Revision	Outlook Statement
PFI	In-line	In-line	+0.2%	-0.7%	+1.2%	+0.7%	**Positive**. NZ$80m of uncommitted debt capacity allows PFI to be opportunistic with respect to acquisitions and has NZ$26m of value-add strategies committed for 2020.
VHP	In-line	In-line	+0.0%	+0.0%	+0.0%	+0.0%	**Positive**. Over NZ$200m of committed brownfield developments underway. VHP has sector leading portfolio metrics which continue to underpin the defensive qualities of the stock.
MEL	In-line	In-line	▼ -4.0%	+0.2%	▼ -2.4%	-0.1%	**Neutral**. We expect earnings to fall in FY21 after two years of well above average hydro generation and high wholesale electricity prices. Uncertainty around NZAS is overhanging MEL.
POT	In-line	In-line	▼ -3.2%	▼ -4.1%	▼ -3.7%	▼ -1.7%	**Slight Negative**. Management has lowered its FY20 NPAT guidance range by -NZ$2m to NZ$94m–NZ$99m to reflect uncertainty over second half trade volumes.
MHJ	In-line	▼ Below	-0.6%	▼ -2.6%	▼ -4.2%	▼ -40.0%	**Neutral**. No formal guidance but MHJ identified the challenging retail back drop it is in and recent macro-events (coronavirus) as creating additional near-term uncertainty.
ABA	In-line	In-line	▼ -1.9%	▼ -4.6%	▼ -7.4%	▼ -4.2%	**Neutral**. Result largely overshadowed by proposed takeover. ABA has recently shifted its strategy to focus on driving its existing network harder.
SUM	In-line	In-line	▼ -3.9%	▼ -9.4%	▼ -13.8%	▼ -13.8%	**Neutral**. SUM has indicated a flat outlook for underlying earnings in FY20 as it invests in lifting wages, expands in Australia and moves to a more conservative lift in near-term growth in development activity.
AIR	In-line	In-line	▼ -1.5%	▲ +16.7%	▼ -20.3%	+0.0%	**Negative**. The coronavirus outbreak has created a huge amount of uncertainty for near-term demand with AIR anticipating a -5% impact on 2H20 capacity.
GNE	▼ Below	In-line	▲ +26.3%	+1.1%	▲ +5.3%	-0.7%	**Positive**. Despite a weak 1H20 EBITDAF, GNE guided to record 2H20 earnings, with CEO Marc England stating the next 18 months will be GNE's best ever.
DGL	▼ Below	In-line	+0.8%	▲ +2.0%	▲ +3.3%	+0.0%	**Slight Positive**. DGL reiterated FY20E case sales target of +8% growth. We view guidance as conservative and over the medium-term we continue to see robust earnings growth.
MET	▼ Below	▼ Below	+0.0%	+0.0%	+0.1%	▼ -100.0%	**Neutral**. No FY20 earnings guidance, however, MET noted that it is on track for its recently revised build rate of 220 units in FY21. Awaiting more information on Scheme Implementation Agreement.
VCT	▼ Below	In-line	+0.8%	+1.4%	+0.1%	▼ -1.5%	**Neutral**. Greater clarity on VCT's Metering performance has resulted in a lift in our longer term forecasts. However, a lower gross dividend outlook has more than offset the earnings upside.
CVT	▼ Below	In-line	+0.0%	+0.0%	+0.0%	n/a	**Negative**. Outlook commentary was minimal but CVT did cite potential negative effects from coronavirus, with a second half revenue impact expected of 10% in China and up to 20% in Australia and NZ.
CEN	▼ Below	In-line	▼ -2.4%	-0.6%	-0.1%	+0.0%	**Neutral**. Short-term outlook weaker due to lower C&I pricing and higher gas costs from FY21 onward. Longer-term outlook is positive with CEN signalling the Tauhara geothermal project likely to get the go ahead.

Source: Forsyth Barr analysis

*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

Figure 22. New Zealand Reporting Season Snapshot: Outcomes, FY20 Revisions and Outlook Statements

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY20 Revision	Post Result EBITDA FY20 Revision	Post Result EPS FY20 Revision	Post Result DPS FY20 Revision	Outlook Statement
THL	▼ Below	▼ Below	-0.8%	▲ +9.7%	-0.1%	+0.0%	Negative. THL's business is being severely challenged by (1) the depressed US vehicle sales market, (2) the Australian bush fires, and (3) the coronavirus outbreak.
FBU	▼ Below	▲ Above	-0.0%	▼ -3.6%	-0.4%	▲ +4.3%	Negative. FY20 EBIT guidance was maintained. We see FBU as a business that continues to ebb backward, without sufficient value to compensate.
SPK	▼ Below	In-line	▲ +1.8%	-1.1%	▼ -2.6%	+0.0%	Positive. Guidance of modest EBITDA growth and a flat div maintained. We believe SPK can maintain earnings growth led by mobile, cloud, and cost savings.
SKL	▼ Below	In-line	-0.1%	▲ +7.4%	▼ -3.9%	▼ -3.7%	Slight Negative. Commentary suggests activity has picked up heading into the second half, with guidance implying a flat full year result. Consequently, we have lowered our forecasts, although remain cautious around ongoing macroeconomic risks.
EBO	▼ Below	▼ Below	▲ +6.3%	▲ +10.3%	▼ -4.5%	▼ -7.1%	Neutral. FY20 guidance for "significant growth in earnings" reiterated — expected due to the integration of Chemist Warehouse.
FRE	▼ Below	In-line	-0.8%	▲ +23.7%	▼ -9.0%	+0.0%	Negative. While we expect a number of management initiatives to bear fruit in FY21 the earnings growth outlook is now more hazy than it ever has been.
SKT	▼ Below	In-line	+0.4%	▲ +4.1%	▼ -13.2%	n/a	Negative. Risk to earnings and sentiment remain negative. Result largely in-line with expectation, but reinforced transformation challenges SKT faces.
SKC	▼ Below	In-line	▼ -6.8%	▼ -6.5%	▼ -18.8%	+0.0%	Slight Negative. Lacklustre near-term EBITDA profile and recently amplified accounting complexity leads to slight negative outlook. FY20E normalised EBITDA down -3.9%.

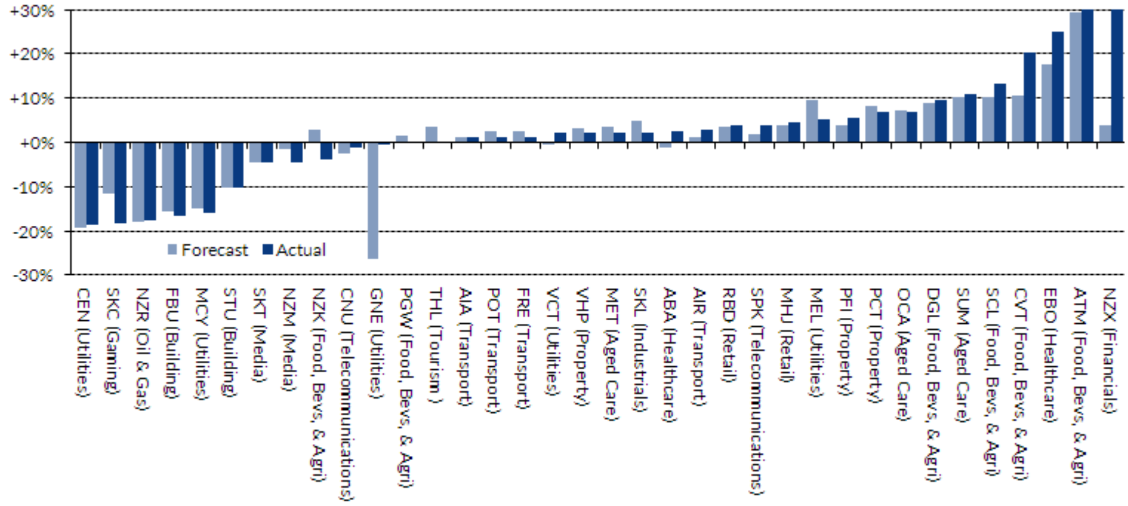
Source: Forsyth Barr analysis
*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

Figure 23. Reporting Season Calendar: Retail and Agriculture

Monday	Tuesday	Wednesday	Thursday	Friday
Week Beginning 02 Mar 2020				
2-Mar	**3-Mar**	**4-Mar**	**5-Mar**	**6-Mar**
				The Warehouse Group *
Week Beginning 09 Mar 2020				
9-Mar	**10-Mar**	**11-Mar**	**12-Mar**	**13-Mar**
Week Beginning 16 Mar 2020				
16-Mar	**17-Mar**	**18-Mar**	**19-Mar**	**20-Mar**
Briscoe Group		Fonterra	Synlait Milk	
Week Beginning 23 Mar 2020				
23-Mar	**24-Mar**	**25-Mar**	**26-Mar**	**27-Mar**
			Kathmandu Holdings *	

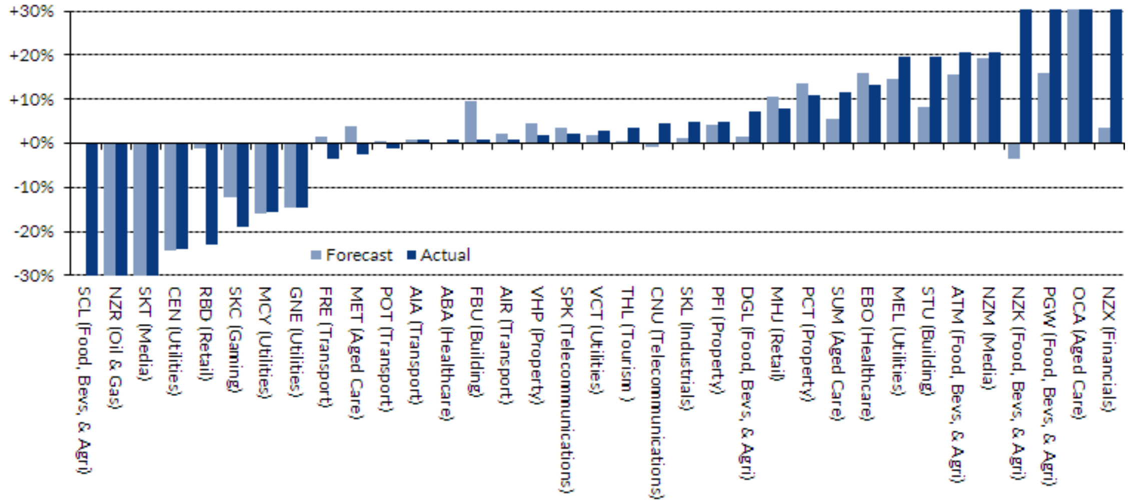
Source: Forsyth Barr analysis, IRESS, NZX

Figure 24. Total Revenue Growth (6mth on pcp)



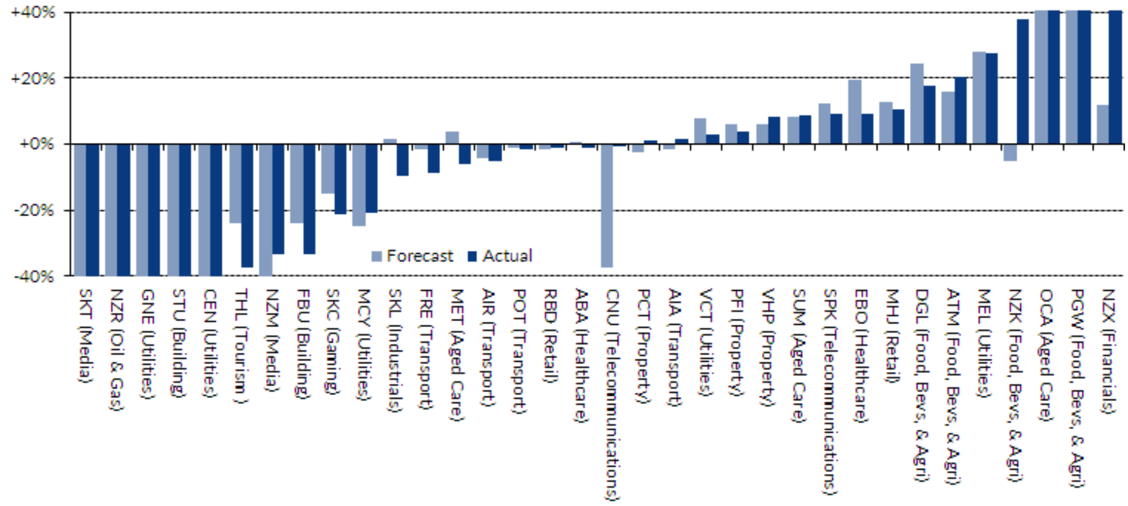
Source: Forsyth Barr analysis

Figure 25. EBITDA Growth (6mth on pcp)



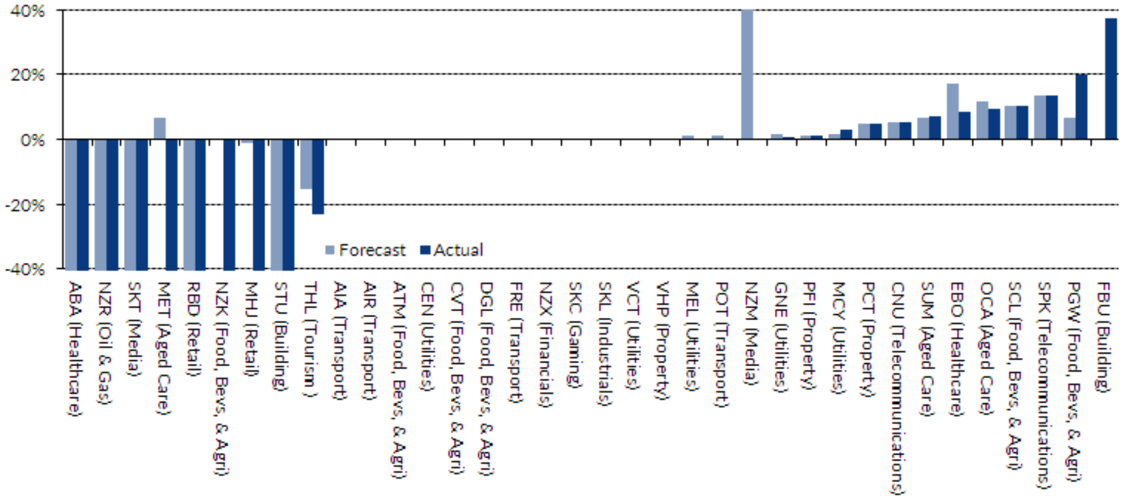
Source: Forsyth Barr analysis

Figure 26. Normalised EPS Growth (6mth on pcp)



Source: Forsyth Barr analysis

Figure 27. Dividend per Share Growth (6mth on pcp)

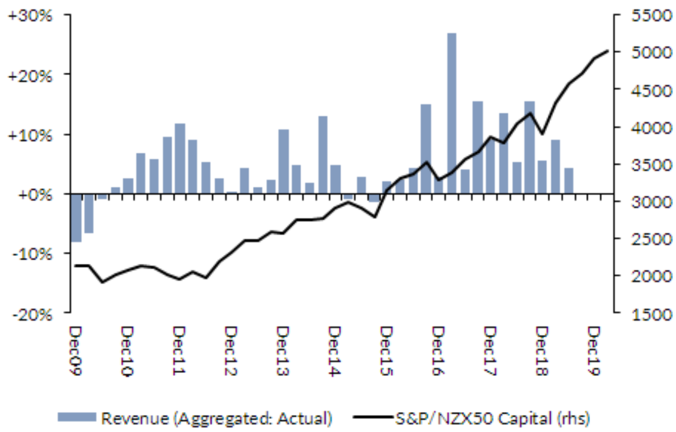


Source: Forsyth Barr analysis

Overall growth achieved

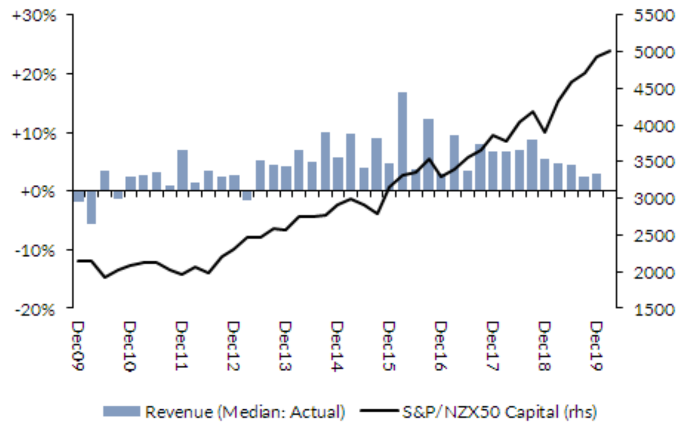
Figures 28 through 33 show the historic market growth achieved for Total Revenue, EBITDA and Normalised EPS with the S&P/NZX 50 Capital Index. Growth is based on the six-month reporting period (versus pcp).

Figure 28. Aggregated Total Revenue Growth (6mth on pcp



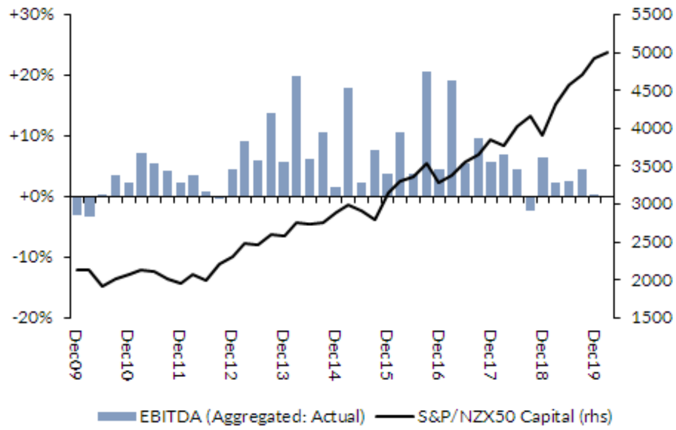
Source: Forsyth Barr analysis

Figure 29. Median Total Revenue Growth (6mth on pcp)



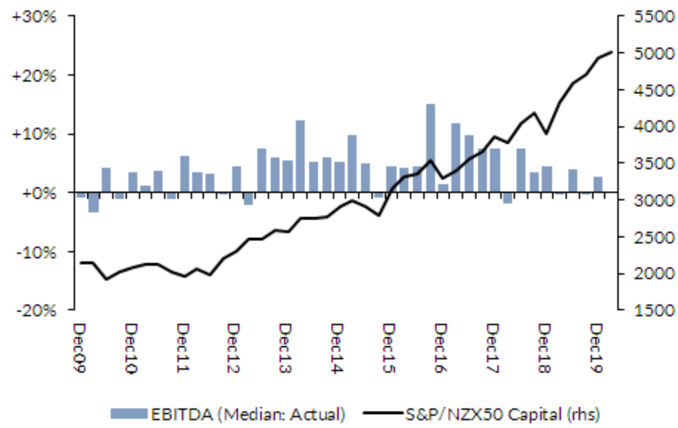
Source: Forsyth Barr analysis

Figure 30. Aggregated EBITDA Growth (6mth on pcp)



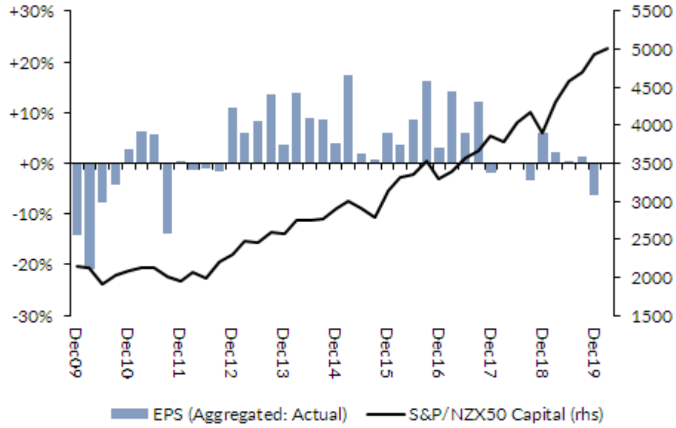
Source: Forsyth Barr analysis

Figure 31. Median EBITDA Growth (6mth on pcp)



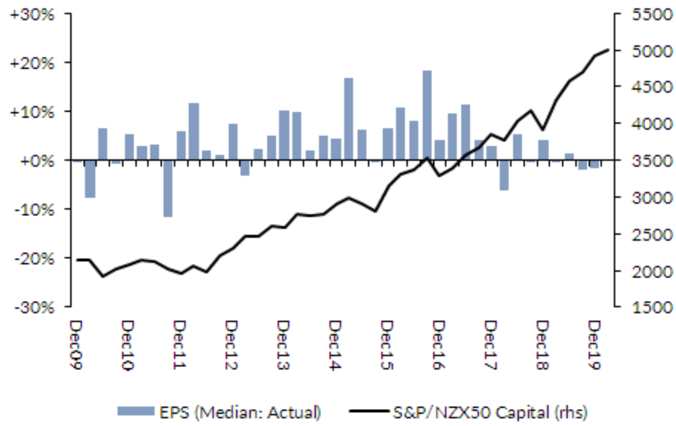
Source: Forsyth Barr analysis

Figure 32. Aggregated Normalised EPS Growth (6mth on pcp)



Source: Forsyth Barr analysis

Figure 33. Median Normalised EPS Growth (6mth on pcp)



Source: Forsyth Barr analysis