

Reporting Season

A Point in Time

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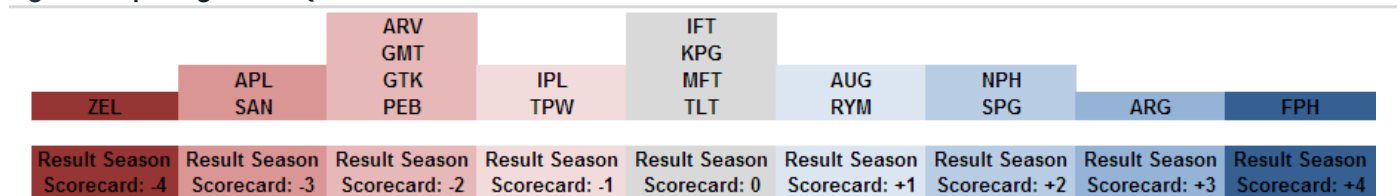
The May/June 2020 reporting season has drawn to a close with EPS growth (albeit negative) finishing in-line with expectations at a median level, and Beats and Misses fairly balanced through the PnL. However, dividends came in below expectations. This wasn't surprising given many listed companies have reacted prudently by cancelling, deferring or reducing dividends for the near future due to the COVID-19 outbreak. Post result EPS revisions for FY21 and FY22 finished net negative with a factor of ~2:1 for FY22. Our three year weighted average annualised EPS growth estimates are now +3.3% (vs +4.7%) and +3.4% (vs +4.5%) at a median level. Despite the downgrades, company outlook statements were evenly balanced.

The Quantitative Scorecard

Given the small sample size, we choose to focus on the median growth and use our Quantitative Scorecard to summarise the overall performance of the season.

The Quantitative Scorecard assigns a score to each result based upon beat/miss, FY+1 revision, relative price reaction and outlook statement. Scores are then tabulated to show a frequency distribution of the results. Overall the scorecard has closed with a slightly negative tilt.

Figure 1. Reporting Season Quantitative Scorecard

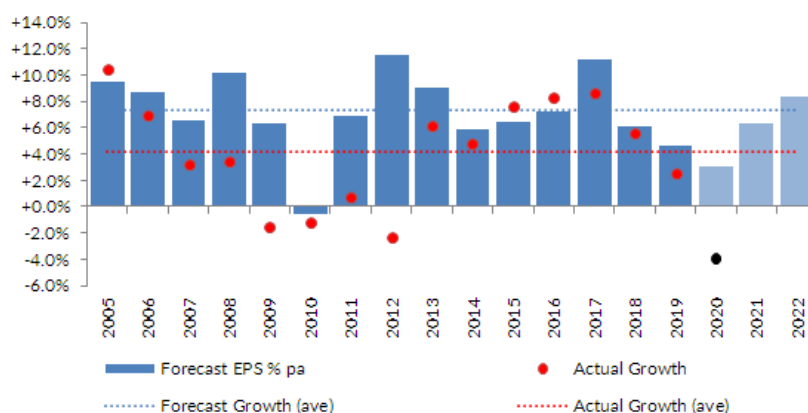


Source: Forsyth Barr analysis, (beat vs miss, EPS FY21 revision, relative price reaction, outlook)

Analyst fade

Figure 2 shows the 15 year history of median EPS growth (expected versus actual). We expect to finish FY20 with growth of -4.0% on a median basis, the lowest it has been since 2005.

Figure 2. Median EPS growth expectations (less 12mths) versus actual



Source: Forsyth Barr analysis

Analysis of the Numbers

May/June 2020 Reporting Season Conclusions

In general the season has concluded with a balanced scorecard of Beats and Misses at the EPS line. Revenue growth of +4.2% was in-line with our expectations (+4.4%) with EBITDA growth (albeit negative) slightly better at -2.5% (versus -2.9%). Figure 3 outlines the growth achieved (versus expected) for all companies, ex-Property and the Property sector as a whole.

Given the small sample size, consisting of a majority of Property companies, and with large cap companies skewing the aggregated growth figures, we choose to focus on the median growth outcomes for this reporting season.

Figure 3. Reporting Season Snapshot (6mth growth on pcip)

	Median (all companies)		Median (ex-Property)		Median (Property)		Beats vs Misses*
	Forecast	Actual	Forecast	Actual	Forecast	Actual	
Total Revenue	+4.4%	+4.2%	+7.0%	+6.6%	+0.3%	+2.5%	7:5
EBITDA	-2.9%	-2.5%	-8.3%	-8.6%	-0.2%	+1.5%	5:6
EBIT	-2.0%	-1.8%	-8.6%	-10.4%	-0.2%	+1.5%	5:9
Normalised NPAT	+5.2%	+5.6%	+1.4%	+1.2%	+5.2%	+7.6%	7:7
Normalised EPS	-2.1%	-1.8%	+1.4%	+1.2%	-2.1%	+0.0%	7:7
Dividend per Share	+0.0%	+0.0%	+0.0%	+0.0%	-1.8%	-1.8%	1:5
No of Companies:	19	19	12	12	7	7	

Source: Forsyth Barr analysis

*vs Forsyth Barr expectations +/- 2.5%

Reporting season overview

Of the 19 companies that have reported, seven reported ahead of our EPS expectations, four were in-line, with seven coming in below our expectations (using a +/- 2.5% tolerance level, one company deemed n/a).

The reporting season saw a mixture of revisions to our analysts FY21 forecasts. Revenue, EBITDA and EPS finished slightly net negative, whilst Dividend per Share revisions closed slightly net positive for companies reporting. FY22 revisions across the four measures was less favourable though, with net downgrades.

Figure 4 outlines the overall number of beats/misses at the EPS and DPS line, as well as the revisions to FY21 estimates, post result, for the companies that have reported this season.

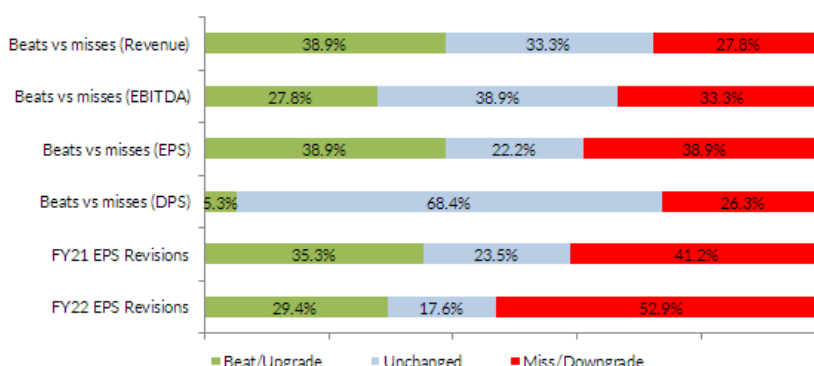
Figure 4. Reporting Season Snapshot: Summary

EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY21 Revision	Post Result EBITDA FY21 Revision	Post Result EPS FY21 Revision	Post Result DPS FY21 Revision	Outlook Statement
7 Above	1 Above	6 Upgrades	7 Upgrades	6 Upgrades	8 Upgrades	6 Positive
4 In-line	13 In-line	3 Unchanged	3 Unchanged	4 Unchanged	3 Unchanged	7 Neutral
7 Below	5 Below	8 Downgrades	7 Downgrades	7 Downgrades	5 Downgrades	6 Negative

Source: Forsyth Barr analysis

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

Figure 5. Translation of results through to forecasts

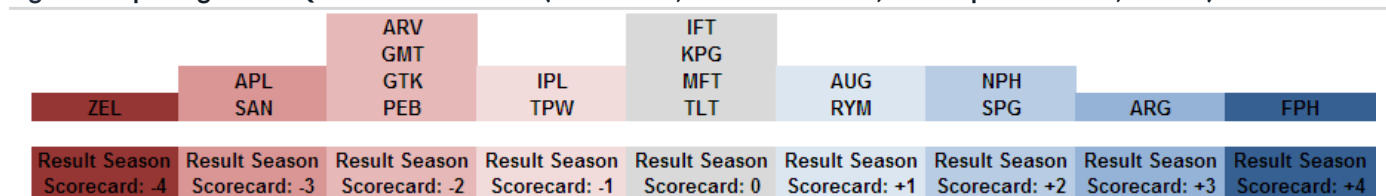


Source: Forsyth Barr analysis, vs Forsyth Barr expectations: +/- 2.5%, Post result revisions > +/- 1.5%,

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. Overall the scorecard has closed with a slight tilt to the negative.

Figure 6. Reporting Season Quantitative Scorecard (beat vs miss, EPS FY21 revision, relative price reaction, outlook)



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 balanced (using a +/- 2.0% threshold), with eight companies outperforming and eight underperforming, while three companies performed in-line with the market.

Companies that had the most notable positive price reaction (absolute versus market) include: MFT (+10.8%), SPG (+8.9%), NPH (+7.3%), FPH (+5.9%), KPG (+4.6%), ARG (+4.3%), IPL (+3.8%) & RYM (+2.8%).

Whereas the market appears disappointed with the results of: APL (-7.5%), SAN (-5.7%), ZEL (-4.9%), AUG (-4.5%), PEB (-4.2%), TPW (-3.8%), GMT (-2.8%) & ARV (-2.4%).

Figure 7. 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 FY21 Revision	Post Result DPS FY21 Revision	Ratings Change
FPH	▲ Above	▼ Below	▲ +5.9%	▲ +9.1%	▼ -2.8%	
ARG	▲ Above	In-line	▲ +4.3%	▲ +1.6%	▲ +36.2%	
NPH	▲ Above	▼ Below	▲ +7.3%	▲ +1.6%	▲ +1.5%	
IPL	▲ Above	In-line	▲ +3.8%	+1.1%	+0.0%	
TPW	▲ Above	▼ Below	▼ -3.8%	▼ -3.1%	▼ -4.4%	
KPG	▲ Above	In-line	▲ +4.6%	▼ -14.5%	▲ +3.8%	
AUG	▲ Above	In-line	▼ -4.5%	n/a	n/a	
RYM	In-line	In-line	▲ +2.8%	▲ +48.8%	▲ +48.8%	
GMT	In-line	In-line	▼ -2.8%	-1.4%	▲ +2.6%	▼ (NEUTRAL to UNDERPERFORM)
MFT	In-line	▲ Above	▲ +10.8%	▼ -2.6%	▲ +18.0%	
TLT	In-line	In-line	+0.1%	▼ -16.7%	n/a	
SPG	▼ Below	In-line	▲ +8.9%	▲ +7.4%	▲ +43.6%	▲ (NEUTRAL to OUTPERFORM)
ARV	▼ Below	▼ Below	▼ -2.4%	▲ +3.4%	▲ +3.4%	
PEB	▼ Below	In-line	▼ -4.2%	+1.2%	n/a	
APL	▼ Below	In-line	▼ -7.5%	+0.4%	▼ -36.1%	
SAN	▼ Below	▼ Below	▼ -5.7%	▼ -9.5%	+0.0%	
ZEL	▼ Below	In-line	▼ -4.9%	▼ -11.0%	▼ -100.0%	
GTK	▼ Below	In-line	+0.5%	▼ -40.9%	▼ -40.8%	
IFT	n/a	In-line	-0.9%	n/a	+11.3%	▼ (OUTPERFORM to NEUTRAL)

Source: Forsyth Barr analysis

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

Ratings changes

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

- GMT (NEUTRAL to UNDERPERFORM)

GMT is currently trading on a cash yield of 2.4%, a forward Adjusted Funds From Operations (AFFO) multiple of 35.3x, and a 27% premium to its net tangible assets (NTA) backing vs. peers on a 4.2% average cash yield, a forward AFFO multiple of 23.9x, and slightly below NTA. This valuation disparity leaves little room for relative upside and we downgrade our rating to UNDERPERFORM.

■ IFT (OUTPERFORM to NEUTRAL)

We have lowered our IFT NAV -NZ12cps to NZ\$5.52 with modest changes to several businesses (none of them material in their own right). The decline in our NAV assessment has led to the -NZ10cps fall in our target price to NZ\$4.80. Over recent weeks IFT has been a strong share price performer, which has seen the discount to NAV close up from a low of ~-39% in late March 2020, to -13.2% now. That compares to a long-term average discount to NAV of ~-20% and the last five years average of -18%. The lower than average discount to NAV, flat at best near-term dividend profile, and slower expected NAV growth in the coming months are the main factors behind our decision to lower our rating to NEUTRAL from OUTPERFORM.

■ SPG (NEUTRAL to OUTPERFORM)

We believe the risk reward is favourable with SPG trading at 1) a 13% discount to our NAV vs. the sector at a 3% premium, and 2) a 12-month forward PE of 16.4x vs. the sector at 22.5x. We believe the market is attributing no value to its asset management business. We adjust our earnings to incorporate the establishment of Industrie, lift our target price to NZ\$1.90, and upgrade our rating to OUTPERFORM.

Dividends

Whilst actual dividend per share growth finished in line with expectations over all three sub-groupings, the final count of beats versus misses, unsurprisingly, disappointed. Overall just one company exceeded our expectations, five were below, and 13 were in-line. Post result our analysts have made eight positive and five negative revisions to FY21 dividend estimates (using a tolerance level of +/- 1.5%). Companies that reported dividends above our expectations include: MFT. Whereas companies that surprised on the downside included: ARV, FPH, NPH, SAN & TPW.

Dividends...looking at the bigger picture

The containment measures introduced by the government to eliminate COVID-19 have had a significant impact on business. Many companies have reacted prudently by cancelling, deferring or reducing dividends for the near future. We provide a summary in Figure 8 of the companies (30 no.) that have provided dividend guidance to date, highlighting the need for capital preservation due to the national/global effects from COVID-19 and the adoption of Alert Levels 1-4 in New Zealand.

Our 12-month forward dividend estimates imply a median cash yield of 3.3% (Dec 2019: 3.7%) and weighted average yield of 2.5% (previously 3.3%). Median and weighted average pay-out ratios are now 73.7% (previously 79.9%) and 56.3% (previously 71.1%).

Figure 8. Company dividend guidance summary

Code	Type	Cash (cps)	Ex date^	Dividend guidance	Code	Type	Cash (cps)	Ex date^	Dividend guidance
ABA	Final	n/a	n/a	Cancellation expected	PFI	Interim	1.8	14/05/2020	Removed guidance
AIA	Interim	11.0	19/03/2020	Cancelled	SAN	Interim	5 (pcp: 9cps)	11/06/2020	Dividend less than pcp
AIR	Interim	11.0	12/03/2020	Cancelled	SCT	Interim	4.0 (est)	06/05/2020 (est)	Cancelled
ANZ	Interim	83.79 (est)	13/05/2020	Deferred	SEK	Final	12.0	19/03/2020	Cancelled
APL	Final	0.9 (est)	12/06/2020 (est)	Cancelled	SKC	Final	10.0 (est)	31/08/2020	Cancelled
AUG	Final	1.625 (est)	07/06/2020 (est)	Cancelled	STU	Interim	1.5	12/03/2020	Cancelled
BGP	Final	12.5	20/03/2020 (est)	Cancelled	THL	Interim	10.0	1/05/2020	Cancelled
CMO	Interim	15.0	8/04/2020	Cancelled	TPW	Final	15.5 (pcp: 17 cps)	18/06/2020	Dividend less than pcp
FBU	Interim	11.0	19/03/2020	Cancelled	TRA	Interim	4 (est)	17/04/2020	Deferred till Q4
GTK	Interim	1.94 (est)	06/06/2020 (est)	Cancelled	TWR	Interim	8.5 (est)	10/06/2020 (est)	Cancelled
GXH	Final	3.5 (est)	12/06/2020	Cancelled	VGL	Final	2.1	12/03/2020	Cancelled
HLG	Interim	20.0 (est)	10/04/2020	Cancelled	WBC	Interim	98.43 (est)	15/05/2020	Deferred
KMD	Interim	4.0 (est)	5/06/2020 (est)	Cancelled	WHS	Interim	10.0	1/04/2020	Cancelled
KPG	Final	3.6 (est)	5/06/2020 (est)	Cancelled then reinstated	ZEL	Final	23.5 (est)	15/05/2020	Cancelled
MHJ	Interim	1.5	12/03/2020	Deferred					
NPH	Interim	n/a	n/a	Cancelled					

Source: Forsyth Barr analysis, Company announcements

^Where an ex-date had not been announced, the date of the same dividend in the preceding FY has been used.

Where a dividend amount has not been announced it has been estimated using the amount paid in the prior FY or has been calculated using Forsyth Barr estimates less the amount already paid.

Earnings revisions

Figures 9 & 10 show our FY20–22 Revenue and EBITDA growth estimates for the New Zealand market as a whole (versus February 2020 (the last major reporting season). Weighted average three-year annualised Revenue growth is now +3.8% (was +4.1%), with subdued growth over FY20 & 21. Median growth is back -159bp (at a three-year annualised basis), currently tracking at +2.5% (versus +4.1%). Likewise our estimates for EBITDA growth (three-year annualised) has dropped significantly and is now at +4.0% (was +6.5%) at a weighted level and +3.5% (as 4.9%) at a median level.

Figure 9. NZ market revenue growth (indexed)

	Weighted Revenue (indexed)					Median Revenue (indexed)				
	Feb-20	Growth	Current	Growth	Change	Feb-20	Growth	Current	Growth	Change
FY19 base	100.00		100.00			100.00		100.00		
FY20	102.55	+2.5%	98.57	-1.4%	▼ -397bp	102.07	+2.1%	98.56	-1.4%	▼ -350bp
FY21	107.97	+5.3%	100.13	+1.6%	▼ -371bp	107.11	+4.9%	100.55	+2.0%	▼ -293bp
FY22	112.91	+4.6%	111.77	+11.6%	▲ +705bp	112.82	+5.3%	107.71	+7.1%	▲ +180bp
Annualised:		+4.1%		+3.8%	▼ -35bp		+4.1%		+2.5%	▼ -159bp

Source: Forsyth Barr analysis

Figure 10. NZ market EBITDA growth (indexed)

	Weighted EBITDA (indexed)					Median EBITDA (indexed)				
	Feb-20	Growth	Current	Growth	Change	Feb-20	Growth	Current	Growth	Change
FY19 base	100.00		100.00			100.00		100.00		
FY20	106.60	+6.6%	100.49	+0.5%	▼ -610bp	102.31	+2.3%	96.74	-3.3%	▼ -556bp
FY21	113.72	+6.7%	103.65	+3.1%	▼ -354bp	109.41	+6.9%	102.00	+5.4%	▼ -151bp
FY22	120.66	+6.1%	112.46	+8.5%	▲ +239bp	115.53	+5.6%	110.97	+8.8%	▲ +320bp
Annualised:		+6.5%		+4.0%	▼ -247bp		+4.9%		+3.5%	▼ -140bp

Source: Forsyth Barr analysis

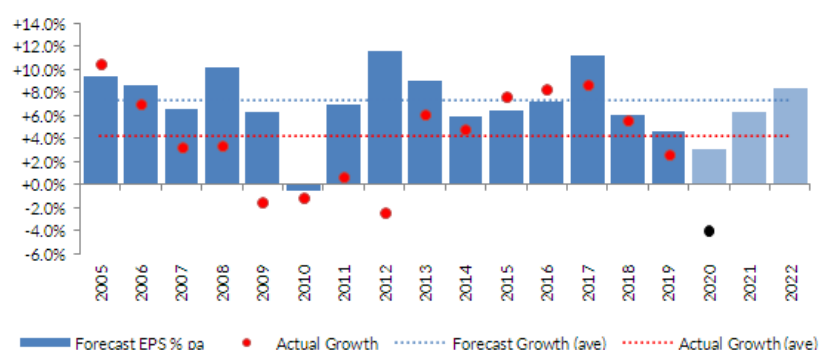
Figure 11. NZ market EPS growth (indexed)

	Weighted EPS (indexed)					Median EPS (indexed)				
	Feb-20	Growth	Current	Growth	Change	Feb-20	Growth	Current	Growth	Change
FY19 base	100.00		100.00			100.00		100.00		
FY20	101.97	+2.0%	97.49	-2.5%	▼ -448bp	100.17	+0.2%	96.02	-4.0%	▼ -416bp
FY21	108.04	+6.0%	103.32	+6.0%	▲ +3bp	107.45	+7.3%	102.04	+6.3%	▼ -99bp
FY22	114.70	+6.2%	110.27	+6.7%	▲ +57bp	114.23	+6.3%	110.54	+8.3%	▲ +202bp
Annualised:		+4.7%		+3.3%	▼ -136bp		+4.5%		+3.4%	▼ -114bp

Source: Forsyth Barr analysis

Of the 19 companies that reported this season, post result revisions (FY21 EPS) included six upgrades and seven downgrades, with four unchanged (two companies are deemed n/a). Following the revisions to our FY21 EPS estimates, our median growth is now +6.3%. Figure 12 shows the 15 year history of median EPS growth (expected versus actual). We expect to finish FY20 with growth of -4.0% on a median basis, the lowest it has been since 2005.

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



Source: Forsyth Barr analysis

Outlook Statements

Figures 13 & 14 include the summary of the outlook statements and guidance comments. Companies that iterated positive guidance include: ARV, FPH, IPL, RYM, SPG & TLT. Whilst the outlook for APL, GMT, IFT, KPG, NPH & ZEL was less positive.

Figure 13. New Zealand Reporting Season Snapshot: Outcomes, FY21 Revisions and Outlook Statements

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY21 Revision	Post Result EBITDA FY21 Revision	Post Result EPS FY21 Revision	Post Result DPS FY21 Revision	Outlook Statement
FPH	▲ Above	▼ Below	▲ +4.6%	▲ +8.2%	▲ +9.1%	▼ -2.8%	Positive. With no strong sign of the virus abating globally, FPH stands to continue to benefit from its technology being a front-line therapy for COVID-19 patients. Additionally, FPH will likely see faster adoption of its high flow nasal cannula oxygen therapy.
ARG	▲ Above	In-line	▼ -5.8%	▼ -6.5%	▲ +1.6%	▲ +36.2%	In line. Core business in good shape and dividend sustainable. Low OCR and re-introduction of depreciation on building structures helps to offset any short-term economic pain.
NPH	▲ Above	▼ Below	+0.0%	+1.1%	▲ +1.6%	▲ +1.5%	Slightly negative. The future trade outlook and the timing of the revival of the cruise industry remains uncertain and is now dependent upon COVID-19 public health developments.
IPL	▲ Above	In-line	▲ +3.7%	+1.1%	+1.1%	+0.0%	Slightly positive. With much of IPL's portfolio occupied by 'essential businesses', the impact of the COVID-19 lockdown was mitigated. As such, IPL stands poised to continue with its strategy of targeted growth to maximise shareholder returns. The company has ample headroom to drive growth via acquisitions.
TPW	▲ Above	▼ Below	-0.0%	▼ -1.7%	▼ -3.1%	▼ -4.4%	In line. Despite operating in a sector with relatively low exposure to COVID-19 downside risk, some challenges to FY21 earnings include slightly below average hydro generation, lower commercial consumption and an increase to bad debt levels.
KPG	▲ Above	In-line	▼ -15.2%	▼ -17.1%	▼ -14.5%	▲ +3.8%	Negative. Despite a solid result, the near-term post lockdown environment remains challenging with support of 1/3 of gross rent being provided to tenants and deferral of the completion of the Sylvia Park Galleria.
AUG	▲ Above	In-line	n/a	n/a	n/a	n/a	In line. After a year severely impacted by COVID-19, AUG is rebuilding in the year ahead. It is targeting overhead cost savings of 20%, expects to relaunch Augusta Property Fund, has postponed further development of tourism assets and continues to progress development opportunities within Asset Plus.
RYM	In-line	In-line	▲ +16.0%	▲ +40.2%	▲ +48.8%	▲ +48.8%	Slightly positive. Development activity appears to be returning post-COVID, and demand metrics remain robust with care occupancy 98% and resales vacancy just 1.7%.
GMT	In-line	In-line	+1.1%	+1.1%	-1.4%	▲ +2.6%	Slightly negative. GMT's portfolio proved resilient over lockdown (90% rent collection over April/May). While we expect high quality industrial assets to fare better than retail and office sub-sectors it will still be impacted by the broader economic slowdown. Lower tenant demand will increase vacancy, pressure rents, and reduce development lead earnings growth.
MFT	In-line	▲ Above	▲ +10.0%	▲ +54.9%	▼ -2.6%	▲ +18.0%	In line. After a strong FY20 result, MFT is cautiously optimistic about the near-term outlook. We expect FY21 profitability to be modestly lower than FY20, though MFT's ability to win market share will help to mitigate the full cyclical pressures on its operations.
TLT	In-line	In-line	▼ -10.9%	▼ -13.1%	▼ -16.7%	n/a	Positive. With almost no exposure to the effects of COVID-19 and its two core developments (Dundonnell and Waipipi wind farms) tracking well, TLT has a positive near-term outlook.

Source: Forsyth Barr analysis

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

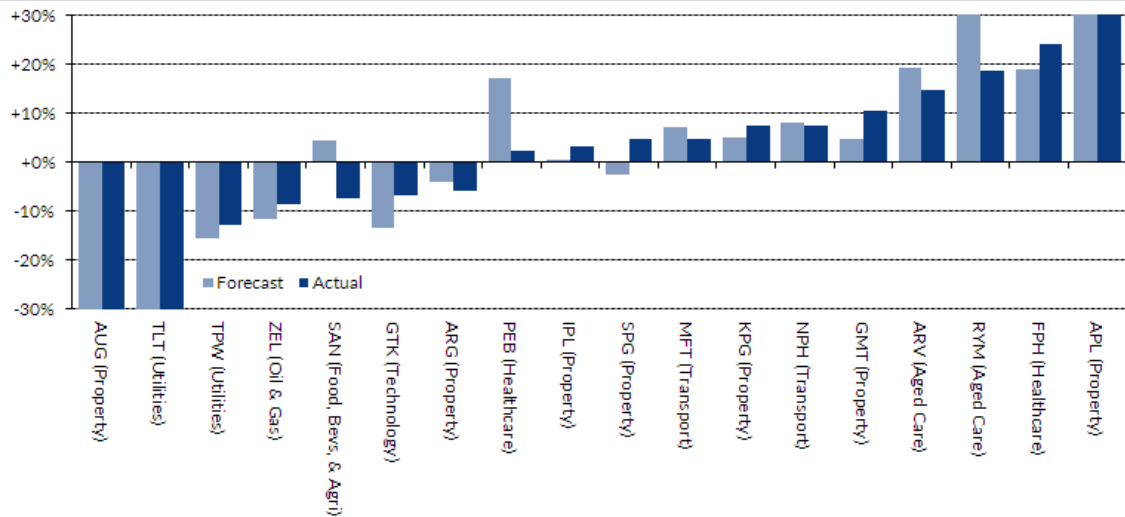
Figure 14. New Zealand Reporting Season Snapshot: Outcomes, FY21 Revisions and Outlook Statements

Code	EPS Result vs Expectations*	Dividend vs Expectations*	Post Result Revenue FY21 Revision	Post Result EBITDA FY21 Revision	Post Result EPS FY21 Revision	Post Result DPS FY21 Revision	Outlook Statement
SPG	▼ Below	In-line	▼ -12.8%	▼ -20.8%	▲ +7.4%	▲ +43.6%	Positive. Recent asset sales to Investore (IPL) and the upcoming establishment of Industrie will leave SPG in a strong capital position as it continues to execute its asset management growth strategy.
ARV	▼ Below	▼ Below	▼ -2.1%	▲ +1.7%	▲ +3.4%	▲ +3.4%	Slightly positive. Despite performing well in the face of COVID-19, ARV is providing no FY21 guidance given the near-term uncertainties. However, the company is targeting a similar build-rate to 2020.
PEB	▼ Below	In-line	▼ -2.2%	▲ +3.6%	+1.2%	n/a	In line. PEB is still waiting on key reimbursement milestones in the US, despite a growing body of clinical evidence in support of the Cxbladder product.
APL	▼ Below	In-line	▼ -2.2%	▼ -2.1%	+0.4%	▼ -36.1%	Slightly negative. After a soft FY20 result, APL is in the midst of two major and time critical developments at Graham St and Munroe Lane. Funding constraints and a weakening economic backdrop have significantly increased execution risks for these projects.
SAN	▼ Below	▼ Below	▼ -2.6%	▼ -5.1%	▼ -9.5%	+0.0%	In line. Although 1H20 was disappointing, and near-term uncertainty remains, the underlying growth strategy for SAN remains intact. Aquaculture operations have maintained positive momentum with both volume and price firming across salmon and mussels.
ZEL	▼ Below	In-line	▲ +2.1%	▲ +7.3%	▼ -11.0%	▼ -100.0%	Negative. ZEL's recent equity raise and significant cost-cutting through FY21 and FY22 should help prepare it for the continued COVID-19 impact on earnings.
GTK	▼ Below	In-line	▲ +8.7%	▲ +1.7%	▼ -40.9%	▼ -40.8%	In line. The company's slow rebuild is ongoing, gaining new customers in its transition to SaaS and improving its earnings quality. However, management is no longer publishing numerical guidance and labour cost savings may be offset by new senior hires and COVID-19/economic revenue risks.
IFT	n/a	In-line	n/a	n/a	n/a	▲ +11.3%	Slightly negative. Despite some small positive surprises in its result, IFT provided no formal FY21 guidance as a group. COVID-19 is expected to have considerable negative impact on WIAL, and IFT is finalising discussions and paperwork to waive near-term debt covenants.

Source: Forsyth Barr analysis

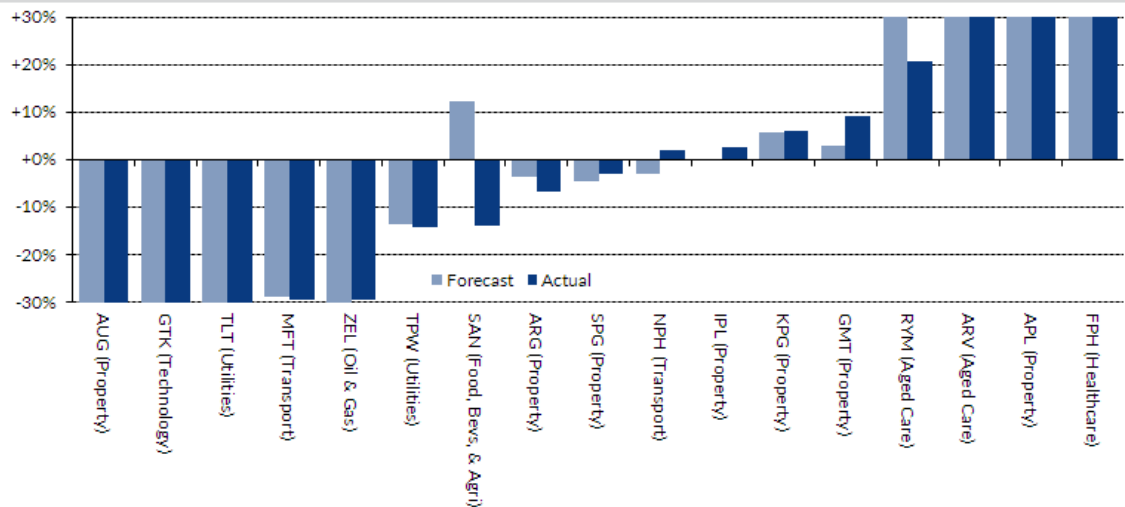
*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

Figure 15. Total Revenue growth (6mth on pcip)



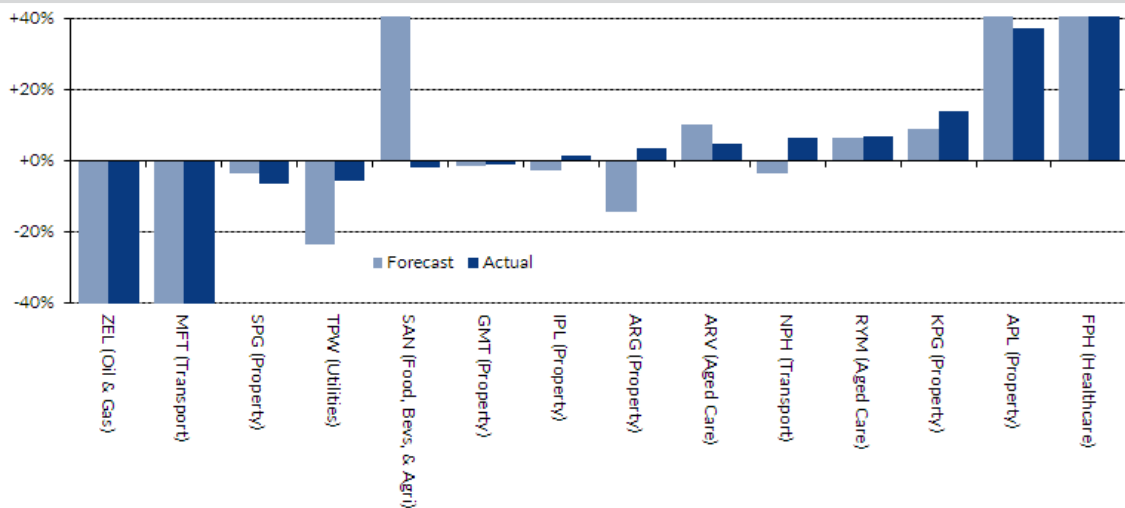
Source: Forsyth Barr analysis

Figure 16. EBITDA growth (6mth on pcip)



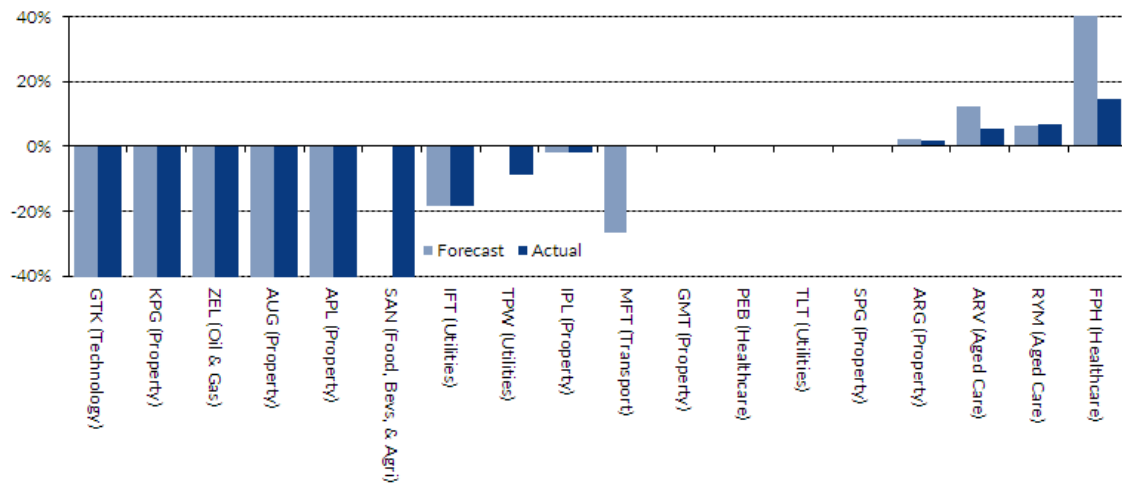
Source: Forsyth Barr analysis

Figure 17. Normalised EPS Growth (6mth on pcip)



Source: Forsyth Barr analysis

Figure 18. Dividend per share growth (6mth on pcg)

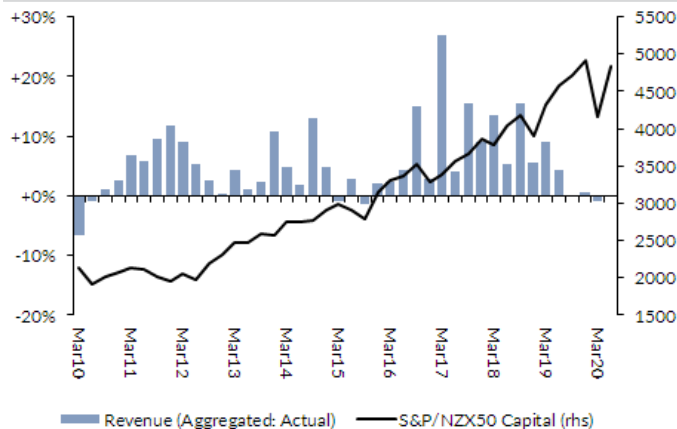


Source: Forsyth Barr analysis

Overall growth achieved

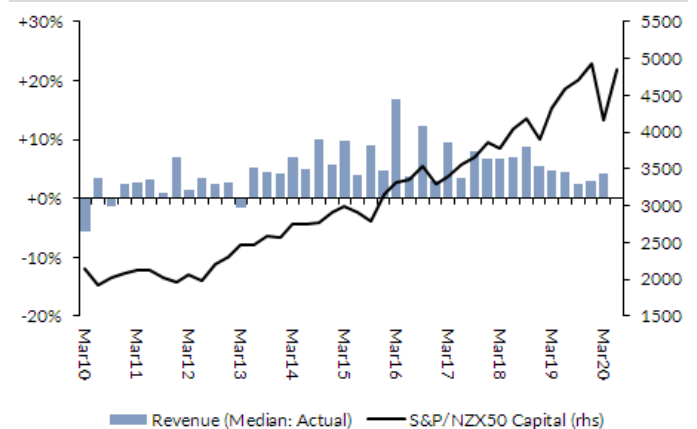
Figures 19 through 24 show the historic market growth achieved for Total Revenue, EBITDA and Normalised EPS with the S&P/NZX 50 Capital Index. Growth is based on the six-month reporting period (versus pcg).

Figure 19. Aggregated total revenue growth (6mth on pcg)



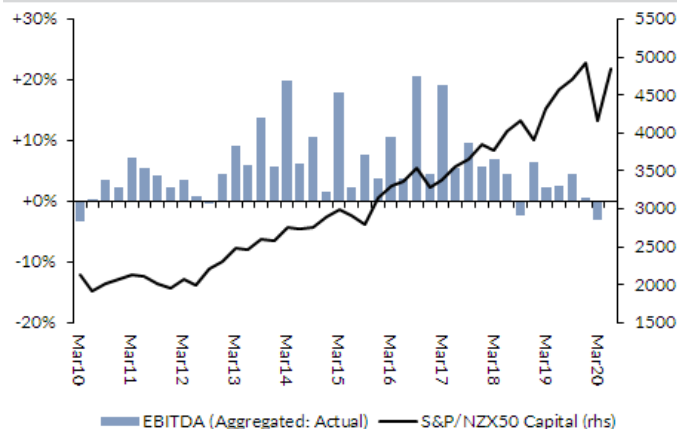
Source: Forsyth Barr analysis

Figure 20. Median total revenue growth (6mth on pcg)



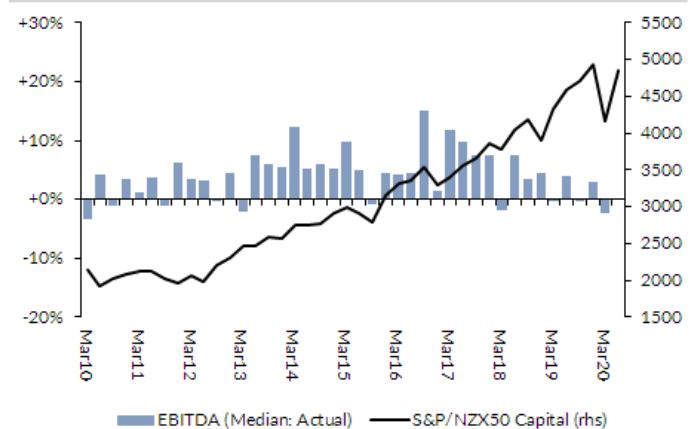
Source: Forsyth Barr analysis

Figure 21. Aggregated EBITDA growth (6mth on pcg)



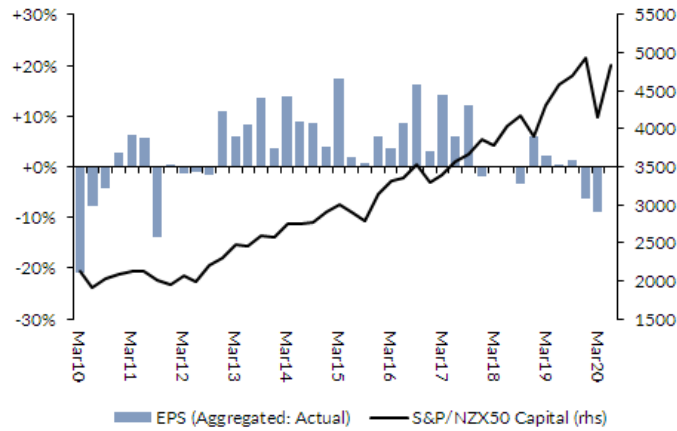
Source: Forsyth Barr analysis

Figure 22. Median EBITDA growth (6mth on pcg)



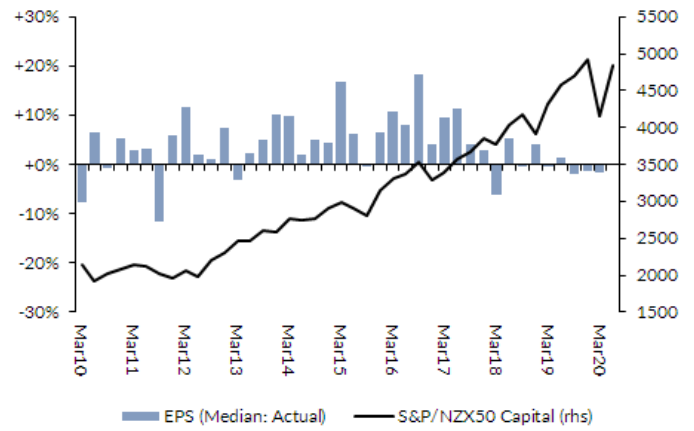
Source: Forsyth Barr analysis

Figure 23. Aggregated normalised EPS growth (6mth on pcp)



Source: Forsyth Barr analysis

Figure 24. Median normalised EPS growth (6mth on pcp)



Source: Forsyth Barr analysis

Figure 25. Reporting Season: Company detail
Companies Reported

Code	Company	Analyst	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
APL	Asset Plus	Rohan Koreman-Smit, CFA	FY19	9.3	7.6	7.6	5.2	3.2	1.8
UNDERPERFORM	Result:	Final	FY20	10.8	8.2	8.2	5.0	3.1	0.9
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	10.9	9.1	9.1	6.3	3.9	0.9
			% chg	+15.6%	+7.9%	+7.9%	-2.8%	-2.8%	-50.0%
APL reported a soft FY20 result due to higher costs. APL is in the midst of two major and time critical developments at Graham St and Munroe Lane, which if completed would significantly reposition its portfolio. However, funding constraints and a weakening economic backdrop have significantly increased execution risks.									
ARG	Argosy Property	Rohan Koreman-Smit, CFA	FY19	102.5	91.5	91.5	57.4	6.9	3.2
NEUTRAL	Result:	Final	FY20	99.7	88.2	88.2	59.6	7.2	3.2
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	100.5	89.6	89.6	54.4	6.6	3.2
			% chg	-2.7%	-3.6%	-3.6%	+3.8%	+3.8%	+2.0%
ARG delivered a solid FY20 result, which was in line with our expectations at the operating level but beat at the bottom line, boosted by interest and tax deductions. While FY21 will be impacted by a mix of rental abatements, vacancy increases, and development completion delays, ARG expects to maintain DPS at 6.25cps. Strategic changes, namely lower retail and higher industrial portfolio weightings, have placed ARG's portfolio in good shape heading into this pandemic. However, these positives are tempered by high gearing which sits towards the top end of ARG's 30-40% target range.									
ARV	Arvida Group Limited	Aaron Ibbotson	FY19	179.4	49.6	44.6	38.6	9.3	2.8
OUTPERFORM	Result:	Final	FY20	203.0	63.3	57.5	51.7	10.2	2.9
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	207.3	66.9	60.7	52.8	10.5	3.1
			% chg	+13.1%	+27.7%	+29.2%	+33.8%	+9.6%	+5.5%
ARV reported a strong FY20 result that highlighted a sharp lift in development activity and sales volumes, the successful integration of large-scale acquisitions and the maintenance of a well performing care operation in the face of considerable challenges with COVID-19. ARV has not provided FY21 guidance given the near-term uncertainties but it is targeting to build at a similar rate in FY21/22 to the 210 units in 2020. We have not made material changes to our already re-based forecasts, however, the environment is recovering faster than assumed.									
AUG	Augusta Capital	Rohan Koreman-Smit, CFA	FY19	22.0	11.7	11.7	7.7	8.8	3.1
NEUTRAL	Result:	Final	FY20	12.2	0.6	0.6	0.2	0.3	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	12.6	1.0	1.0	-0.1	-0.2	0.0
			% chg	-44.8%	-94.9%	-94.9%	-97.0%	-97.0%	-100.0%
AUG reported FY20 adjusted funds from operations (AFFO) of NZ\$0.2m, down materially from the prior year, largely due to no new fund offerings being completed. This outcome was in line with guidance provided with AUG's recent capital raise. No FY21 guidance was provided; however, AUG has targeted 20% cost savings, a plan to launch a new fund in mid-July, and to progress development and acquisition opportunities within existing funds. The next key update for AUG is a potential takeover offer from Centuria Capital (CNI) which we expect sometime over the next two weeks given takeovers code requirements.									
FPH	F&P Healthcare	Chelsea Leadbetter, CFA	FY19	1,070.4	329.3	292.6	209.2	36.5	13.5
UNDERPERFORM	Result:	Final	FY20	1,263.7	440.3	379.3	287.3	50.0	15.5
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	1,235.4	420.2	367.2	278.5	48.4	19.0
			% chg	+18.1%	+33.7%	+29.6%	+37.3%	+37.0%	+14.8%
FPH delivered a strong FY20 result, with momentum continuing into 1Q21; while this was anticipated, the magnitude of the positive momentum from COVID-19 outpaced our expectations. COVID-19 benefits reflect its technology being a front-line therapy for COVID-19 patients and a likely faster adoption curve for its high flow nasal cannula (HFNC) oxygen therapy, helped by the unique set of circumstances which has seen accelerated clinician exposure. FPH is a high quality growth company, benefitting from material tailwinds.									
GMT	Goodman Property Trust	Rohan Koreman-Smit, CFA	FY19	141.1	129.8	129.8	90.9	7.0	3.3
UNDERPERFORM	Result	Final	FY20	145.3	131.6	131.6	90.5	6.7	3.3
	6mth Result vs Forecast (eps):	In-line	Forsyth Barr	141.4	127.9	127.9	90.3	6.7	3.3
			% chg	+3.0%	+1.4%	+1.4%	-0.4%	-4.1%	+0.0%
GMT reported a steady FY20 result, in-line with expectations. The key driver of results day -4.4% downward share price movement was GMT's revised distribution policy, which reduced FY21 DPS guidance to 5.30cps or down -20% from 6.65cps in FY20. While we believe high quality industrial assets will navigate the uncertain economic environment ahead relatively well, this is more than factored into GMT's share price with the stock trading on lofty valuation metrics especially when compared to the NZ LPV sector.									

Source: Forsyth Barr analysis

Figure 26. Reporting Season: Company detail
Companies Reported

Code	Company	Analyst	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
GTK	Gentrack	Andy Bowley	1H19	54.4	12.8	8.0	4.6	4.7	5.0
OUTPERFORM	Result:	Interim	1H20	50.6	4.3	-2.1	-1.0	-1.0	0.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	47.1	3.1	-1.3	-0.9	-0.9	0.0
			% chg	-7.0%	-66.6%	n/a	n/a	n/a	-100.0%
GTK's 1H20 result was severely impacted by adverse market conditions, an increase in headcount (which has now been reversed) and increasing R&D investment. EBITDA was down -78% on a like for like basis. Despite successive downgrades, we expect 1H20 will mark the low point of GTK's earnings demise, in light of (1) steps taken to right size and reposition the cost base, and (2) the transition to higher quality, lower volatility and more sustainable recurring revenue.									
IFT	Infratil	Andrew Harvey-Green	FY19	n/a	n/a	n/a	n/a	n/a	11.0
NEUTRAL	Result:	Final	FY20	n/a	n/a	n/a	n/a	n/a	9.0
	6mth Result vs Forecast (eps):	n/a	Forsyth Barr	n/a	n/a	n/a	n/a	n/a	9.0
			% chg	n/a	n/a	n/a	n/a	n/a	-18.2%
Whilst IFT's FY20 result had two minor positive surprises, recent strong share price performance and a weaker than expected CDC Data Centre (CDC) outlook has resulted in us pulling back our rating to NEUTRAL from OUTPERFORM. The positive surprises in the result were Vodafone's FY20 EBITDA being closer to the top of its guidance range than the bottom, and the decision to maintain the 2H20 dividend at 11cps. However, CDC FY21 guidance was lower than expected, recent share price performance and an -NZ12cps pull back of our net asset value assessment (NAV) to NZ\$5.52 has resulted in the discount to NAV falling to -13.2%.									
IPL	Investore	Rohan Koreman-Smit, CFA	FY19	46.1	40.1	40.1	20.9	8.0	3.9
OUTPERFORM	Result:	Final	FY20	46.9	39.6	39.6	21.1	7.7	3.8
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	46.3	38.9	38.9	20.5	7.5	3.8
			% chg	+1.8%	-1.0%	-1.0%	+0.8%	-4.4%	-1.8%
IPL reported a steady FY20 result with distributable profit of NZ\$21.1m, underpinned by solid rent growth and lower finance costs offsetting higher management fees. Distributable profit was slightly ahead of our expectations while adjusted funds from operations (AFFO) per share was -13.9% YoY to 6.5cps, largely due to higher tenant incentives and maintenance capex as well as capital raising dilution. FY21 DPS guidance of 7.6cps was unchanged although upside potential was tempered. IPL's appeal is its defensive supermarket based rental income which underpins its 4.5% cash yield as well as its low gearing (30% vs. maximum of 48%), providing headroom to drive better distribution growth via opportunistic acquisitions.									
KPG	Kiwi Property Group	Rohan Koreman-Smit, CFA	FY19	180.8	160.0	160.0	99.9	7.0	3.5
UNDERPERFORM	Result:	Final	FY20	187.9	165.3	165.3	106.6	7.1	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	185.9	165.0	165.0	104.0	7.1	0.0
			% chg	+3.9%	+3.4%	+3.4%	+6.7%	+2.1%	-100.0%
KPG provided little surprises in its FY20 result. Operationally FY20 was solid, but negative revaluations to KPG's highly retail-concentrated portfolio and increased earnings uncertainty have complicated its ongoing transition into a diversified mixed-use portfolio. Going forward, KPG has logical plans to dilute its retail concentration via development of its existing assets but with little funding headroom, some challenged assets on the balance sheet, and investors awaiting a dividend, this transition features significant execution risks.									
MFT	Mainfreight	Andy Bowley	FY19	2,954.1	257.0	203.9	141.1	140.1	34.0
OUTPERFORM	Result:	Final	FY20	3,095.4	281.0	223.2	156.1	155.0	34.0
	6mth Result vs Forecast (eps):	In-line	Forsyth Barr	3,130.5	282.2	225.3	156.8	155.7	25.0
			% chg	+4.8%	+9.3%	+9.4%	+10.6%	+10.6%	+0.0%
MFT reported a strong FY20 result and, notwithstanding COVID-19 challenges, is cautiously optimistic about the near-term outlook. Underlying NPAT grew by +11% against the prior year with further impressive margin expansion as constant currency revenue slowed to +4%. Trading for the first seven weeks of FY21 has been severely impacted by restrictions on business and consumer activity globally. While group revenue is up (+6%; flat on a constant currency basis), profit before tax has fallen sharply but is improving. We expect FY21 profitability to be modestly lower than FY20, though MFT's ability to win market share will help to mitigate the full cyclical pressures on its operations.									
NPH	Napier Port	Andy Bowley	1H19	48.7	21.1	15.4	10.5	5.3	n/a
NEUTRAL	Result:	Interim	1H20	52.3	21.5	15.5	11.2	5.6	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	52.5	20.5	14.1	10.2	5.1	3.0
			% chg	+7.5%	+2.0%	+0.7%	+6.6%	+6.6%	n/a
NPH's first half result reflected favourable pre COVID-19 trade volumes, though the company has refrained from paying an interim dividend. Underlying NPAT was up +7% against the prior year on a similar level of revenue growth. EBITDA margin pressure was a key feature, despite strong pricing gains across containers, bulk and cruise, given labour/ capability investment pre-IPO. While the outlook for 2H20 is constrained by a weaker forestry sector and the potential enduring economic impact of COVID-19, we make small upgrades to reflect better than anticipated pricing gains.									

Source: Forsyth Barr analysis

Figure 27. Reporting Season: Company detail
Companies Reported

Code	Company	Analyst	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
PEB	Pacific Edge	Chelsea Leadbetter, CFA	FY19	4.8	-18.0	-18.2	-17.9	-3.7	0.0
n/a	Result:	Final	FY20	5.0	-19.0	-19.4	-19.1	-3.7	0.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	5.3	-16.9	-17.1	-16.8	-3.3	0.0
			% chg	+3.1%	n/a	n/a	n/a	n/a	+0.0%
PEB's FY20 result provided little in the way of new information, with the company largely in a holding pattern until key reimbursement milestones in the US are achieved, which would support a well overdue step-change for the business. Progress continues to be frustratingly slow, despite a growing body of supportive clinical evidence and rationale for use. Our view remains that these milestones remain a question of 'when' rather than 'if', although patience continues to be tested.									
RYM	Ryman Healthcare	Aaron Ibbotson	FY19	572.3	268.6	245.4	227.0	45.4	11.9
OUTPERFORM	Result:	Final	FY20	638.6	292.0	263.3	242.0	48.4	12.7
	6mth Result vs Forecast (eps):	In-line	Forsyth Barr	630.6	290.8	262.6	241.5	48.3	12.6
			% chg	+11.6%	+8.7%	+7.3%	+6.6%	+6.6%	+6.7%
Note: Our forecasts are underlying numbers and exclude unrealised revaluation gains									
RYM reported a solid FY20 result that was close to expectations in most areas. RYM's long track record of looking after its elderly residents was tested under COVID and it again delivered. We have upgraded our near-term forecasts given a faster than expected recovery in the target build rate and the resales turnover rate. Our target price has lifted +6% to NZ\$14.80 due to a lift in the near-term build rate and level of sales activity. We retain our OUTPERFORM rating.									
SAN	Sanford	Guy Hooper	1H19	265.0	42.6	32.6	19.4	20.7	9.0
OUTPERFORM	Result:	Interim	1H20	245.5	36.7	23.2	19.0	20.3	5.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	276.1	47.9	34.5	30.3	32.3	9.0
			% chg	-7.4%	-13.9%	-28.7%	-1.8%	-1.8%	-44.4%
SAN reported a disappointing 1H20 with soft toothfish volume and COVID-19 related market impacts weighing on performance. Encouragingly, Aquaculture operations maintained positive momentum, delivering both volume and pricing growth. We have made negative earnings revisions, reflecting the COVID-19 related disruptions and weak toothfish season, and as a result we have cut our target price -NZ\$0.25 to NZ\$7.45. Whilst the near-term outlook remains uncertain, we continue to view SAN as offering attractive medium-term growth at undemanding multiples.									
TLT	Tilt Renewables	Andrew Harvey-Green	FY19	193.3	134.8	51.2	70.1	14.9	0.0
OUTPERFORM	Result:	Final	FY20	170.2	117.5	45.0	47.4	10.1	0.0
	6mth Result vs Forecast (eps):	In-line	Forsyth Barr	177.6	117.1	60.7	73.3	15.6	0.0
			% chg	-11.9%	-12.8%	-12.2%	-32.5%	-32.5%	+0.0%
Note: AUD forecasts (DPS in NZD)									
TLT's FY20 result was in line with expectations at the operating level, the gain on the sale of Snowtown 2 dominating reported NPAT of A\$478m. TLT's core focus at present is the development of its two wind farms, Dundonnell and Waipipi. Both are tracking well and are on time despite COVID-19 disruptions.									
SPG	Stride Property	Rohan Koreman-Smit, CFA	FY19	74.0	55.7	55.7	38.8	10.6	5.0
OUTPERFORM	Result:	Final	FY20	77.9	56.8	56.8	37.7	10.3	5.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	75.1	56.3	56.3	38.2	10.5	5.0
			% chg	+5.3%	+2.0%	+2.0%	-2.8%	-2.8%	+0.1%
SPG reported an in line FY20 result, with stronger than expected management fee income offset by higher than expected one-off costs and tax expense. Recent asset sales to Investore (IPL) and the upcoming establishment of Industrie will leave SPG in a strong capital position as it continues to execute its asset management growth strategy. We believe the risk reward is favourable with SPG trading at 1) a 13% discount to our NAV vs. the sector at a 3% premium, and 2) a 12-month forward PE of 16.4x vs. the sector at 22.5x. We believe the market is attributing no value to its asset management business.									
TPW	Trustpower	Andrew Harvey-Green	FY19	1,030.1	222.2	175.0	116.6	37.1	17.0
OUTPERFORM	Result:	Final	FY20	989.9	186.5	143.9	74.2	23.6	15.5
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	975.7	186.9	147.5	84.0	26.8	17.0
			% chg	-3.9%	-16.1%	-17.8%	-36.4%	-36.4%	-8.8%
FY20 wasn't a great year for TPW and the result confirmed that. FY20 EBITDAF was -16% lower than FY19 at NZ\$186m with several factors including weaker generation volumes at lower prices, increased operating costs, metering sales and lower avoided cost of transmission revenue (ACOT) all combining to lower earnings. With the outlook uncertain, TPW also decided to trim its final dividend -1.5cps to 15.5cps. Relative to expectations, the result was broadly in line, however, we have lowered our FY21 EBITDAF forecast -1.7% to NZ\$199m, FY21 dividend forecast -1.5cps to 32.5cps and lowered our target price -25cps to \$7.50.									
ZEL	Z Energy	Andrew Harvey-Green	FY19	5,450.0	435.0	312.0	195.8	49.0	30.5
OUTPERFORM	Result:	Final	FY20	4,987.0	366.0	203.0	104.8	26.2	0.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	4,904.2	362.5	214.9	129.7	32.4	0.0
			% chg	-8.5%	-15.9%	-34.9%	-46.5%	-46.5%	-100.0%
ZEL's FY20 result announcement was the supporting act to the equity raise announcement and cost out initiatives. ZEL is seeking to raise up to \$350m, \$290m from an Institutional Placement and \$60m from a Share Purchase Plan. The equity raise is required to improve balance sheet metrics due to COVID-19 negatively impacting on operational performance. In addition to the equity raise, ZEL has indicated it is targeting to deliver \$74m of opex saving in FY21 and will not be paying a dividend until 30 September 2021, at the earliest.									

Source: Forsyth Barr analysis

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