

# Reporting Season A Glass Half-Full?

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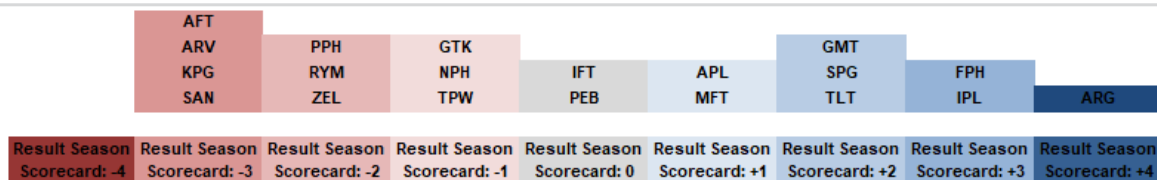
The October/November 2020 reporting season has drawn to a close with actual growth (albeit negative) ahead of expectations, beats outweighing misses and a majority of outlook statements were (slightly) positive. Underlying growth for the season was boosted with better than expected results from within the Property sector. However, despite these outcomes, our analysts have downgraded EPS revisions at a factor of 2:1 for both FY21 and FY22. Utilising "True Market Surprise" the market also appeared dissatisfied with an overall negative three-day share price reaction post result (relative to market). Our two-year weighted average annualised EPS growth for the NZ market is currently +5.5% and +7.3% at a median level.

## 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 slight tilt to the negative.

Figure 1. Reporting Season Quantitative Scorecard

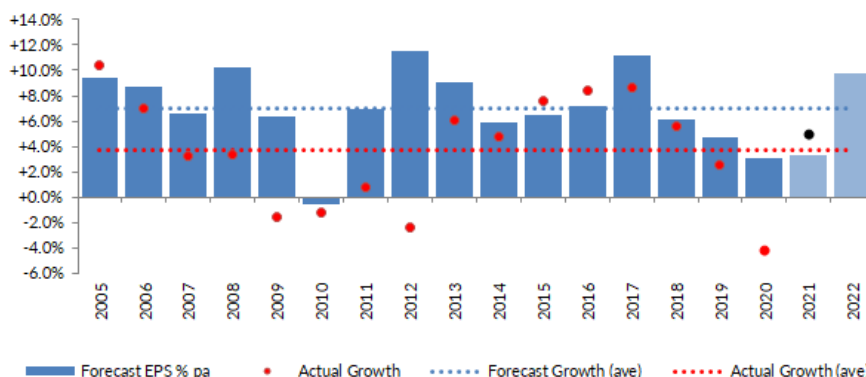


Source: Forsyth Barr analysis, (beat vs miss, EPS FY21 revision, relative price reaction, outlook)

## Analyst fade

Figure 2 shows the 15 year history of median EPS growth (expected versus actual). Current expectations for FY21 and FY22 median EPS growth is +5.0% and +9.7% respectively.

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



Source: Forsyth Barr analysis

## Analysis of the Numbers

### October/November 2020 Reporting Season Conclusions

Whilst growth is negative, in general the season concluded slightly ahead of expectations with beats outweighing misses. The season was boosted by better than expected results from companies within the Property sector. Revenue growth closed at -3.1% (versus expectations of -2.1%), EBITDA growth was better at -1.6% (versus -2.7%) and normalised EPS growth finished at -1.9% (versus expectations of -5.1%). Excluding the property sector, growth was high single digit, slightly below our initial expectations.

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 pcp)**

	Median (all companies)		Median (ex-Property)		Median (Property)		Beats vs Misses*
	Forecast	Actual	Forecast	Actual	Forecast	Actual	
Total Revenue	-2.1%	-3.1%	+7.1%	+4.7%	-10.0%	-3.6%	6:7
EBITDA	-2.7%	-1.6%	+4.8%	+4.5%	-11.9%	-4.5%	9:7
EBIT	-3.0%	-2.3%	+1.0%	+1.1%	-11.9%	-4.5%	8:7
Normalised NPAT	-2.8%	+0.4%	+8.8%	+7.4%	-6.9%	+2.8%	10:7
<b>Normalised EPS</b>	<b>-5.1%</b>	<b>-1.9%</b>	<b>+8.8%</b>	<b>+7.6%</b>	<b>-9.7%</b>	<b>-0.5%</b>	<b>10:7</b>
Dividend per Share	+0.0%	+0.0%	+0.0%	+0.0%	-10.1%	-10.1%	2:4
No of Companies:	20	20	14	14	6	6	

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

### Reporting season overview

Of the 20 companies that have reported, 10 reported ahead of our EPS expectations, two were in-line, with seven reporting below our expectations (using a +/-2.5% tolerance level, one company deemed n/a).

The reporting season saw a number of revisions to our FY21 forecasts with the season closing out slightly net-negative (although EPS slightly worse). However, revisions to FY22 estimates were less favourable with a net negative revision factor of 2:1 across the board for Total Revenue, EBITDA, Normalised EPS and Dividend per share.

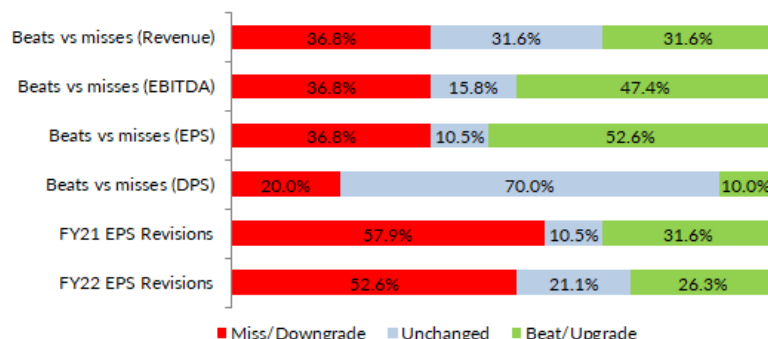
Whilst our analysts have pulled back their estimates, we note the number of "positive outlook" statements (albeit most were rated "slightly positive") that have come through from the companies reporting during the season. Figure 4 outlines the overall number of beats/misses at the EPS and DPS line, revisions to FY21 estimates post result as well as our interpretation of outlook statements made by the company.

**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
10 Above	2 Above	7 Upgrades	8 Upgrades	6 Upgrades	3 Upgrades	10 Positive
2 In-line	14 In-line	4 Unchanged	2 Unchanged	2 Unchanged	7 Unchanged	7 Neutral
7 Below	4 Below	8 Downgrades	9 Downgrades	11 Downgrades	4 Downgrades	3 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**

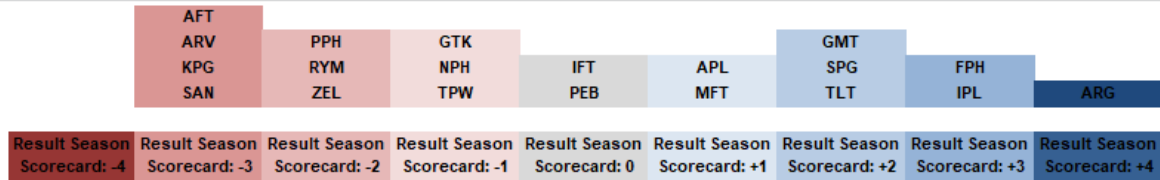


Source: Forsyth Barr analysis, vs Forsyth Barr expectations: +/- 2.5%, Post result revisions > +/- 1.5%

## 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 balanced/slightly negative tilt.

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



Source: Forsyth Barr analysis

In Figure 7 we present a breakdown of the four individual inputs for each company that has reported thus far in this reporting season, along with the actual three-day post result share price reaction (relative to the benchmark S&P/NZX 50). There is a real mix of inputs for the scorecard in this reporting season. On the positive side, EPS beats held up against misses and Outlook Statements were positive. However, on the downside EPS revisions (FY21) and True Market Surprise both closed negative.

Figure 7. Reporting Season Quantitative Scorecard: Inputs

Code	Company	EPS Beat/Miss (+/-2.5%)	EPS FY21 Revision (+/- 1.5%)	True Market Surprise 3 Day Post Result (+/- 2.0% rel)	Outlook	Total Score	3 Day Post Result Share Price Reaction (rel)
ARG	Argosy Property	+1	+1	+1	+1	+4	+5.6%
FPH	F&P Healthcare	+1	+1		+1	+3	-0.3%
IPL	Investore	+1		+1	+1	+3	+3.3%
GMT	Goodman Property Trust	+1	+1	-1	+1	+2	-2.5%
SPG	Stride Property	+1	+1	-1	+1	+2	-4.7%
TLT	Tilt Renewables	+1	+1			+2	-1.9%
APL	Asset Plus	+1	+1	-1		+1	-2.7%
MFT	Mainfreight				+1	+1	+1.9%
IFT	Infratil					0	-1.6%
PEB	Pacific Edge	+1	-1	-1	+1	0	-4.4%
GTK	Gentrack	+1	-1		-1	-1	+0.4%
NPH	Napier Port	+1	-1		-1	-1	-0.9%
TPW	Trustpower		-1			-1	+1.4%
PPH	Pushpay Holdings	-1	-1	-1	+1	-2	-11.3%
RYM	Ryman Healthcare	-1	-1	-1	+1	-2	-4.8%
ZEL	Z Energy	-1	-1	-1	+1	-2	-2.9%
AFT	AFT Pharmaceuticals	-1	-1	-1		-3	-9.4%
ARV	Arvida Group Limited	-1	-1	-1		-3	-5.0%
KPG	Kiwi Property Group	-1	-1	-1		-3	-4.4%
SAN	Sanford	-1	-1		-1	-3	-2.0%

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 dissatisfied with the results season. At the time of writing, market reaction is net negative (using a +/- 2.0% threshold), with just two companies outperforming and 11 underperforming, while seven companies performed in-line with the market.

Companies that had the most notable positive price reaction (absolute versus market) include: ARG (+5.6%) & IPL (+3.3%).

Whereas the market appears disappointed with the results of: PPH (-11.3%), AFT (-9.4%), ARV (-5.0%), RYM (-4.8%), SPG (-4.7%), PEB (-4.4%) & KPG (-4.4%).

**Figure 8. 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
TLT	▲Above	In-line	-1.9%	▲+29.7%	n/a	
APL	▲Above	In-line	▼-2.7%	▲+9.6%	+0.0%	
FPH	▲Above	▼Below	-0.3%	▲+8.0%	▼-2.6%	
ARG	▲Above	In-line	▲+5.6%	▲+6.5%	▲+1.6%	▲(NEUTRAL to OUTPERFORM)
SPG	▲Above	In-line	▼-4.7%	▲+2.7%	+0.0%	
GMT	▲Above	In-line	▼-2.5%	▲+2.2%	-0.1%	
IPL	▲Above	In-line	▲+3.3%	-0.1%	+0.0%	
NPH	▲Above	▼Below	-0.9%	▼-9.5%	▼-10.5%	
PEB	▲Above	In-line	▼-4.4%	▼-25.1%	n/a	
GTK	▲Above	In-line	+0.4%	▼-360.7%	n/a	
MFT	In-line	▲Above	+1.9%	+1.5%	▲+2.9%	
TPW	In-line	▲Above	+1.4%	▼-7.6%	▲+4.9%	
ARV	▼Below	▼Below	▼-5.0%	▼-8.2%	+0.0%	
KPG	▼Below	In-line	▼-4.4%	▼-10.2%	▼-7.7%	
SAN	▼Below	In-line	▼-2.0%	▼-12.5%	▼-33.3%	
RYM	▼Below	▼Below	▼-4.8%	▼-14.1%	-0.4%	
AFT	▼Below	In-line	▼-9.4%	▼-18.2%	n/a	
ZEL	▼Below	In-line	▼-2.9%	▼-34.1%	n/a	
PPH	▼Below	In-line	▼-11.3%	▼-77.4%	n/a	▼(OUTPERFORM to NEUTRAL)
IFT	n/a	In-line	-1.6%	n/a	+0.0%	

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 two rating changes for companies that have reported this season.

#### ■ PPH (OUTPERFORM to NEUTRAL)

*"We downgrade Pushpay (PPH) to NEUTRAL from OUTPERFORM following its 1H21 result and subsequent Investor Day. We previously took the view that the market was underestimating the growth opportunity in regards to penetration of large US megachurches, with the company estimating a 25% market share in July 2020. However, it has become clear that penetration of US megachurches is now saturated and we cite increasing uncertainty over PPH's front book in view of its shifting focus towards smaller churches and the Catholic market – segments which the company has previously downplayed. In addition, PPH competitors Tithely and Givelify have seen net customer increases of up to +6,000 and +18,000 churches respectively over the past six month period, in comparison to PPH's net additions of medium/large churches by +13 and small churches by +296 on its donor management platform. Given clear competitor outperformance in this key growth segment, PPH's ability to meet our previous growth assumptions appears compromised, and we reduce our FY22 sales growth rate from 13% to 10%."*

■ ARG (NEUTRAL to OUTPERFORM)

*"We upgrade our rating to OUTPERFORM with ARG trading at a +3.5% premium to its NTA backing versus the sector average of +13.8%, and on a gross yield of 6.3% versus the sector average of 5.4%. While DPS growth will be minimal as ARG moves to an AFFO based payout, we believe it currently offers relative value in an expensive sector."*

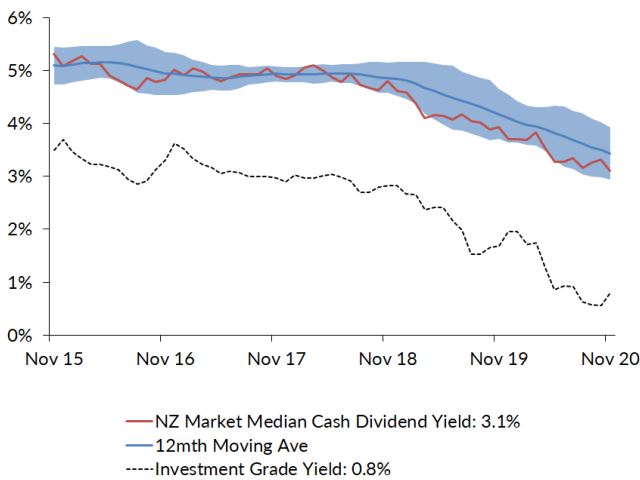
**Dividends**

Whilst the overall actual dividend per share growth has finished in-line with expectations across all three sub-groupings, the final count of beats versus misses slightly disappointed with two companies exceeding expectations, four below and 14 in-line. Post result our analysts have made three positive and four negative revisions to FY21 dividend estimates (using a tolerance level of +/-1.5%). Revisions to FY22 dividends are of a similar nature, with three upgrades and five downgrades.

Companies that reported dividends above our expectations include: MFT & TPW

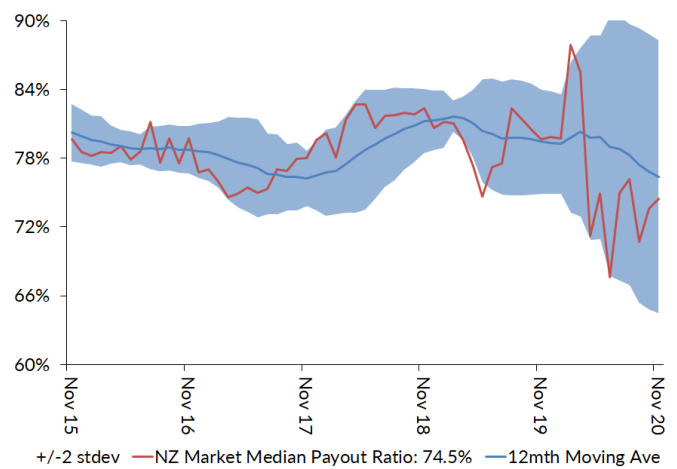
Whereas companies that surprised on the downside included: ARV, FPH, NPH & RYM.

**Figure 9. NZ Median Cash Dividend Yield: 12mth forward**



Source: Forsyth Barr analysis

**Figure 10. NZ Median Payout Ratio: 12mth forward**



Source: Forsyth Barr analysis

### Earnings revisions

We take the opportunity (see Figures 11–13) to provide an update to our FY20–22 growth estimates for the New Zealand market as a whole (versus August 2020, the last major reporting season). Weighted average two-year annualised Revenue growth remains circa +6%, whereas median growth is up +135bp to +5.9% (from +4.5%).

Our estimates for EBITDA growth (two year annualised) have dropped at both a weighted and median level, now +5.9% and +5.6% respectively.

Finally, revisions for EPS growth is mixed with (two year annualised) weighted growth now +5.5% (was +4.9%) and median growth dropping to +7.3% (from +7.7%).

**Figure 11. NZ market revenue growth (indexed)**

	Weighted Revenue (indexed)					Median Revenue (indexed)				
	Aug-20	Growth	Current	Growth	Change	Aug-20	Growth	Current	Growth	Change
FY20 base	100.00		100.00			100.00		100.00		
FY21	104.07	+4.1%	104.58	+4.6%	▲+51bp	103.40	+3.4%	105.01	+5.0%	▲+160bp
FY22	112.55	+8.1%	112.56	+7.6%	▼-52bp	109.25	+5.7%	112.09	+6.7%	▲+108bp
<b>Annualised:</b>		<b>+6.1%</b>		<b>+6.1%</b>	<b>+0bp</b>		<b>+4.5%</b>		<b>+5.9%</b>	<b>▲+135bp</b>

Source: Forsyth Barr analysis

**Figure 12. NZ market EBITDA growth (indexed)**

	Weighted EBITDA (indexed)					Median EBITDA (indexed)				
	Aug-20	Growth	Current	Growth	Change	Aug-20	Growth	Current	Growth	Change
FY20 base	100.00		100.00			100.00		100.00		
FY21	108.68	+8.7%	108.47	+8.5%	▼-21bp	106.12	+6.1%	103.24	+3.2%	▼-288bp
FY22	113.43	+4.4%	112.05	+3.3%	▼-108bp	113.94	+7.4%	111.53	+8.0%	▲+66bp
<b>Annualised:</b>		<b>+6.5%</b>		<b>+5.9%</b>	<b>▼-65bp</b>		<b>+6.7%</b>		<b>+5.6%</b>	<b>▼-114bp</b>

Source: Forsyth Barr analysis

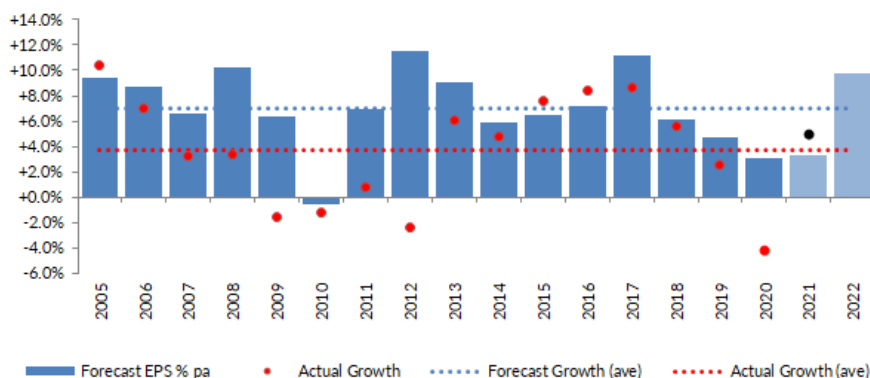
**Figure 13. NZ market EPS growth (indexed)**

	Weighted EPS (indexed)					Median EPS (indexed)				
	Aug-20	Growth	Current	Growth	Change	Aug-20	Growth	Current	Growth	Change
FY20 base	100.00		100.00			100.00		100.00		
FY21	106.31	+6.3%	108.01	+8.0%	▲+170bp	105.78	+5.8%	104.96	+5.0%	▼-81bp
FY22	110.12	+3.6%	111.26	+3.0%	▼-57bp	116.06	+9.7%	115.17	+9.7%	+0bp
<b>Annualised:</b>		<b>+4.9%</b>		<b>+5.5%</b>	<b>▲+54bp</b>		<b>+7.7%</b>		<b>+7.3%</b>	<b>▼-42bp</b>

Source: Forsyth Barr analysis

Of the 20 companies that reported this season, post result revisions (FY21 EPS) included six upgrades and 11 downgrades, with 2 companies unchanged (one company deemed n/a). Changes to FY22 estimates were of a similar nature, with five upgrades and 10 downgrades.

**Figure 14. Median EPS growth expectations (less 12mths) versus actual**



Source: Forsyth Barr analysis

## Outlook Statements

Figures 15 & 16 include the summary of the outlook statements and guidance comments. Companies that iterated positive guidance include: ARG, FPH, GMT, IPL, MFT, PEB, PPH, RYM, SPG & ZEL . Whilst the outlook for GTK, NPH & SAN was less positive.

**Figure 15. 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
TLT	▲Above	In-line	▲+4.5%	▲+4.5%	▲+29.7%	n/a	<b>Neutral.</b> Reconfirmed EBTIDAF guidance range of A\$65m to A\$80m. New development projects likely to be added to pipeline in the next 6–12 months.
APL	▲Above	In-line	▲+7.3%	▲+8.8%	▲+9.6%	+0.0%	<b>Neutral.</b> With the Munroe Lane deal now unconditional, execution of the development and leasing of vacant space are near-term priorities. Focus is now also on the 35 Graham Street development opportunity.
FPH	▲Above	▼Below	▲+5.4%	▲+7.5%	▲+8.0%	▼-2.6%	<b>Slightly positive.</b> Provided a 'guide' upgrade for FY21 outlook with FY21 operating revenue of NZ\$1.72b, NPAT of NZ\$400m –NZ\$415m, and capex of approx NZ\$185m.
ARG	▲Above	In-line	▲+2.0%	▲+2.3%	▲+6.5%	▲+1.6%	<b>Slightly positive.</b> Based on the economic outlook and portfolio performance the Board has increased the expected FY21 dividend to 6.45 cps. Highlighted the favourable demand dynamics in Wellington and Auckland.
SPG	▲Above	In-line	▲+8.4%	▲+12.1%	▲+2.7%	+0.0%	<b>Slightly positive.</b> Total cash dividend for FY21 expected to be 9.91cps. SPG will continue to pursue growth in its investment management business. SPG announced a capital raise to fund the acquisition of 20 Customhouse Quay, Wellington.
GMT	▲Above	In-line	▲+3.5%	▲+3.9%	▲+2.2%	-0.1%	<b>Slightly positive.</b> Improved business outlook has led to an increased FY21 full year cash earnings guidance to 6.3 cps. Believes the Trust's quality portfolio, low level of gearing and targeted investment strategy gives confidence for sustainable growth.
IPL	▲Above	In-line	▼-3.5%	▼-4.9%	-0.1%	+0.0%	<b>Slightly positive.</b> FY21 dividend guidance given at 7.60 cps. Focus on targeted growth including acquisitions and development of existing portfolio.
NPH	▲Above	▼Below	-1.0%	▼-8.6%	▼-9.5%	▼-10.5%	<b>Slightly negative.</b> FY21 result from operations guided at between NZ\$34m–NZ\$38m, a reduction from FY20. Key factors for this include loss of cruise revenue, unwinding of temporary cost saving measures and strategic investments in people & capability.
PEB	▲Above	In-line	▼-23.7%	▼-33.4%	▼-25.1%	n/a	<b>Positive.</b> Expect increasing number of commercial tests from CMS and Kaiser Permanente to underpin strong revenue and operating cashflow growth.
GTK	▲Above	In-line	▼-4.5%	▼-55.7%	▼-360.7%	n/a	<b>Negative.</b> "Unchanged" outlook, with no FY21 guidance provided. Highlighted upward pressure on costs as new skills are recruited and with increased competitive intensity. FY21 profitability "may potentially" reduce closer to break-even.
MFT	In-line	▲Above	+0.5%	▲+2.5%	▲+1.5%	▲+2.9%	<b>Positive.</b> Increased confidence in the trading outlook, particularly around the pre-Christmas seasonal peak. FY21 capex guidance increased to NZ\$103m on the back of this increased confidence.
TPW	In-line	▲Above	-0.1%	-1.0%	▼-7.6%	▲+4.9%	<b>Neutral.</b> FY21 EBITDAF guidance range lowered to NZ\$185m –NZ\$205m. FY21 CAPEX guidance of NZ\$34–NZ\$44m also provided.
ARV	▼Below	▼Below	▼-3.0%	▼-3.3%	▼-8.2%	+0.0%	<b>Neutral.</b> Div guidance for 2H21 to be provided in February. On target to deliver 247 units in FY21 with development continuing to expand.

Source: Forsyth Barr analysis

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

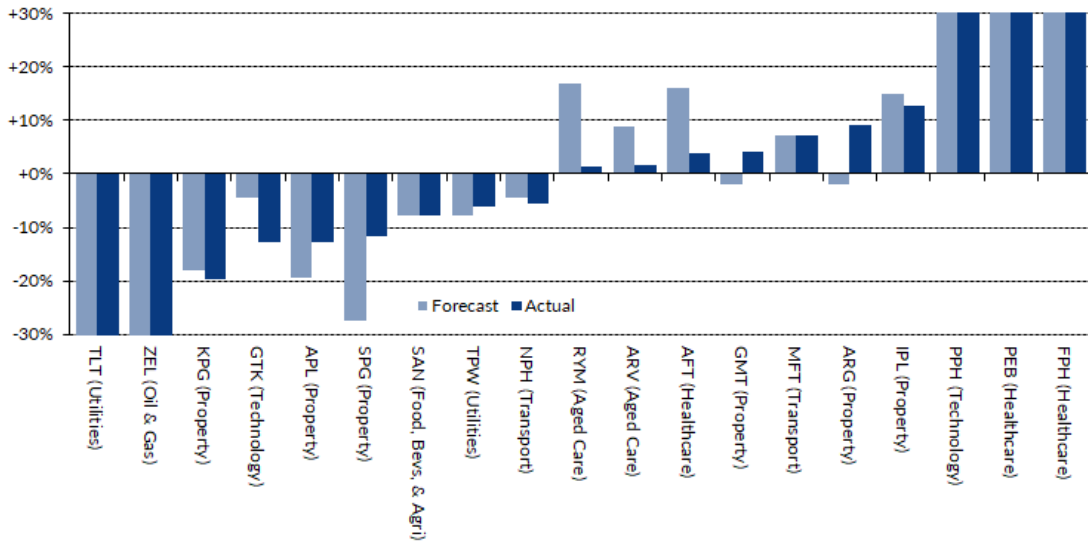
**Figure 16. New Zealand Reporting Season Snapshot: Outcomes, FY21 Revisions and Outlook Statements**

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
KPG	▼Below	In-line	▼-4.9%	▼-5.5%	▼-10.2%	▼-7.7%	<b>Neutral.</b> Highlighted a relative stabilisation in trading conditions and announced an interim dividend payment. Guided to FY21 AFFO of 4.9–5.15 cps, acknowledging that trading conditions remain uncertain for the remainder of the year.
SAN	▼Below	In-line	▼-2.6%	▼-6.6%	▼-12.5%	▼-33.3%	<b>Slightly negative.</b> FY21 focus is to maintain the momentum that will allow it to return to growth. Near-term outlook remains highly volatile and uncertain.
RYM	▼Below	▼Below	▼-6.2%	▼-12.1%	▼-14.1%	-0.4%	<b>Slightly positive.</b> Guided to record cash inflow for 2H21 and is optimistic on its long-term ability to recover nearly 100% of capex and to grow underlying earnings at 15% p.a. Announced a new pricing model for care beds, RAD.
AFT	▼Below	In-line	▼-6.3%	▼-12.8%	▼-18.2%	n/a	<b>Neutral.</b> FY21 Operating Profit guidance of NZ\$14–18m retained, representing expected growth of 23-58% over FY20. COVID-19 challenges remain and development work has been delayed in some cases.
ZEL	▼Below	In-line	▲+6.1%	▲+2.0%	▼-34.1%	n/a	<b>Slightly positive.</b> FY21 EBITDAF guidance of NZ\$235m–NZ\$265m provided. Anticipates resuming distributions post 1H22.
PPH	▼Below	In-line	+0.5%	-0.3%	▼-77.4%	n/a	<b>Slightly positive.</b> PPH updated earnings guidance for FY21 and is expecting further strong revenue growth. Highlighted continuing uncertainty around the US economic environment.
IFT	n/a	In-line	n/a	n/a	n/a	+0.0%	<b>Neutral.</b> IFT is currently forecasting FY21 proportionate EBITDAF from continuing operations of \$430–\$470 million. Strong CDC EBITDA growth is expected to continue, however, outlook commentary reiterated the ongoing uncertainty from COVID-19.

Source: Forsyth Barr analysis

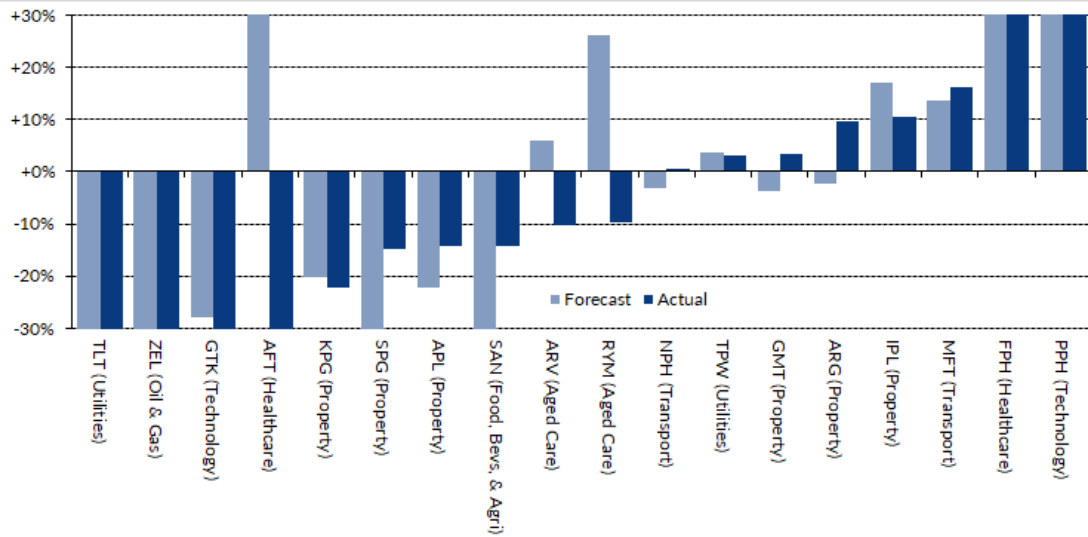
\*vs Forsyth Barr expectations +/- 2.5%, Post result revisions > +/- 1.5%

**Figure 17. Total Revenue growth (6mth on pcp)**



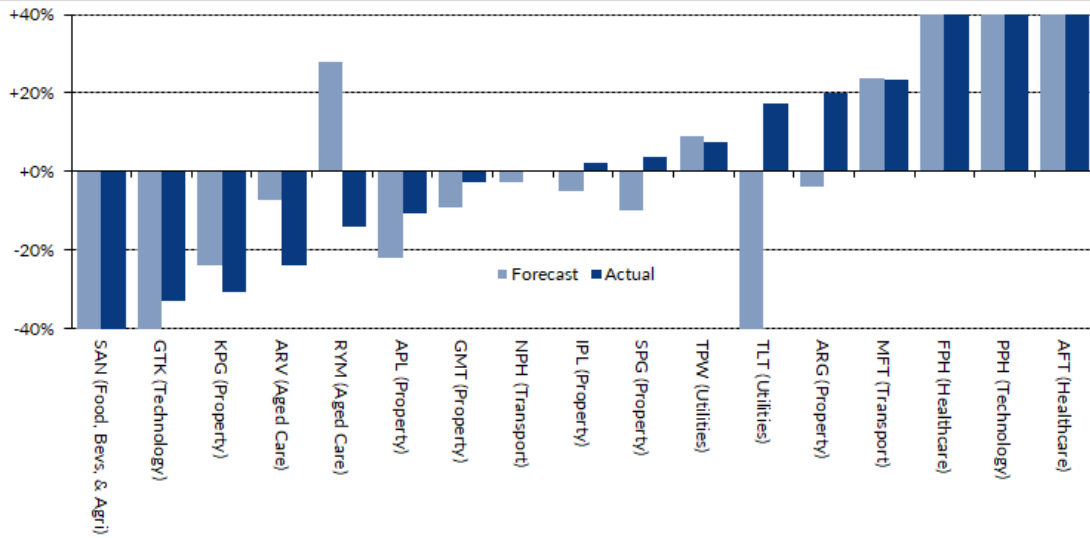
Source: Forsyth Barr analysis

**Figure 18. EBITDA growth (6mth on pcp)**



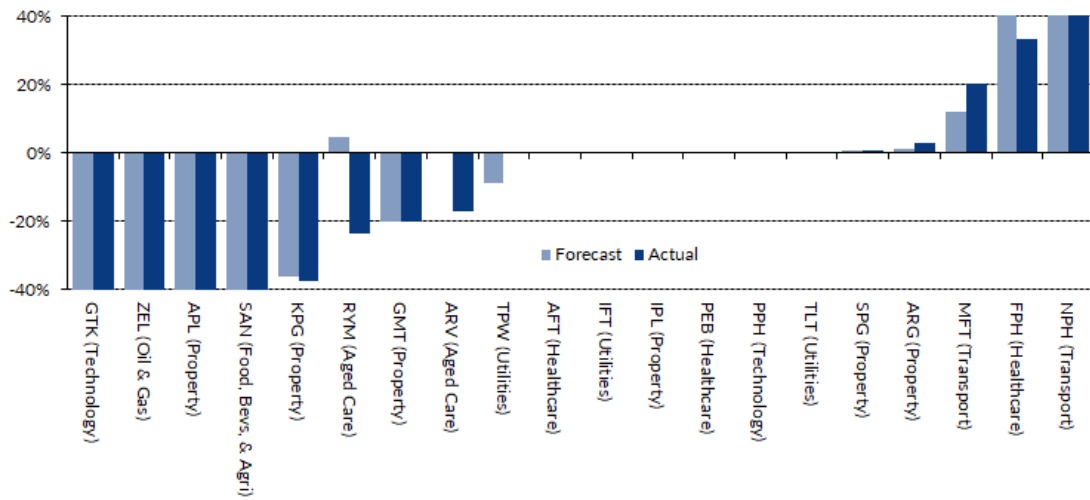
Source: Forsyth Barr analysis

Figure 19. Normalised EPS Growth (6mth on pcp)



Source: Forsyth Barr analysis

Figure 20. Dividend per share growth (6mth on pcp)

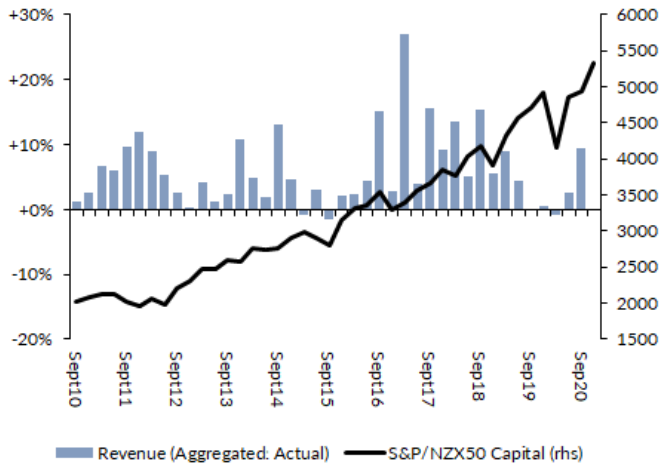


Source: Forsyth Barr analysis

**Overall growth achieved**

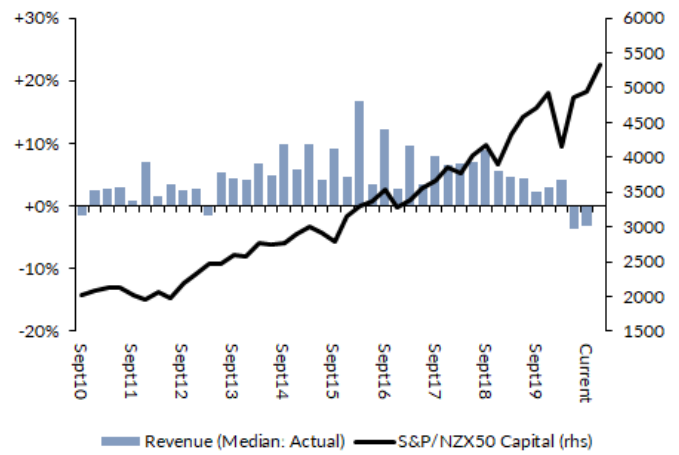
Figures 21 through 26 show the historic market growth achieved for Total Revenue, EBITDA and Normalised EPS with the S&P/NZX 50 Capital Index. Growth is based on the six-month reporting period (versus pcp).

**Figure 21. Aggregated total revenue growth (6mth on pcp)**



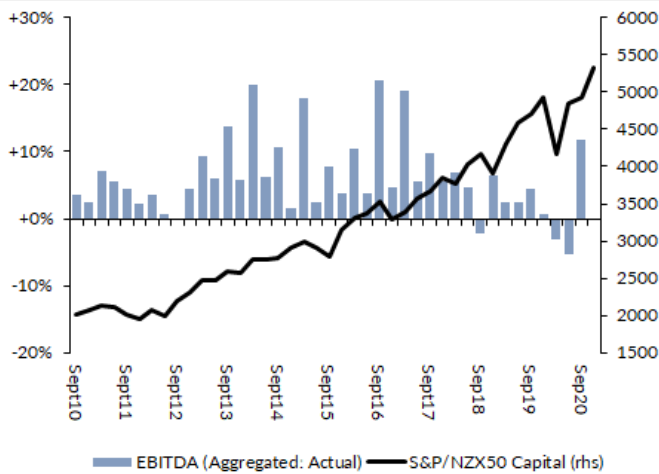
Source: Forsyth Barr analysis

**Figure 22. Median total revenue growth (6mth on pcp)**



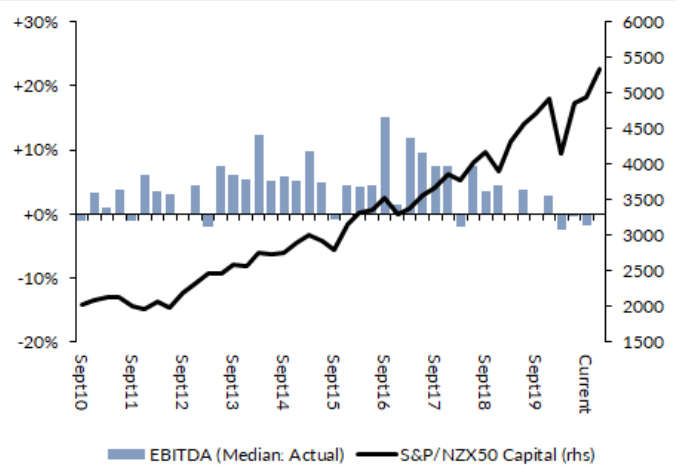
Source: Forsyth Barr analysis

**Figure 23. Aggregated EBITDA growth (6mth on pcp)**



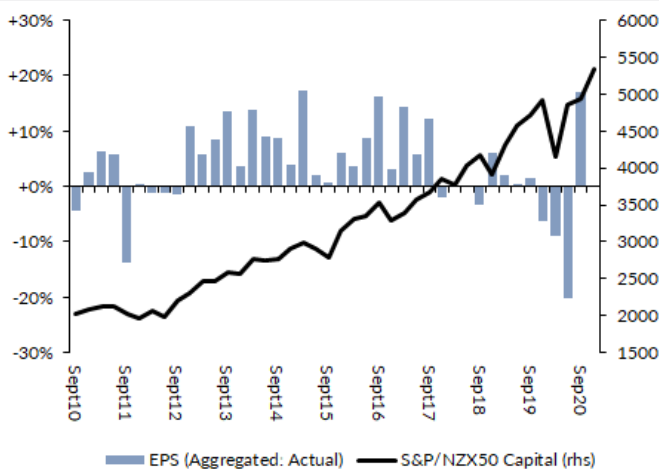
Source: Forsyth Barr analysis

**Figure 24. Median EBITDA growth (6mth on pcp)**



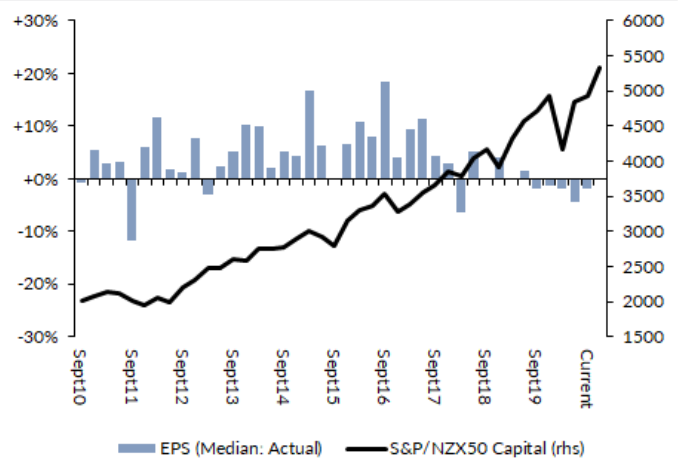
Source: Forsyth Barr analysis

**Figure 25. Aggregated normalised EPS growth (6mth on pcp)**



Source: Forsyth Barr analysis

**Figure 26. Median normalised EPS growth (6mth on pcp)**



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)
AFT	AFT Pharmaceuticals	Chelsea Leadbetter, CFA	1H20	46.9	4.5	4.0	0.1	0.1	0.0
RESEARCH INSIGHTS	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>48.8</b>	<b>3.0</b>	<b>2.4</b>	<b>1.2</b>	<b>1.2</b>	<b>0.0</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Below</b>	Forsyth Barr	54.5	6.1	5.5	3.5	3.5	0.0
			% chg	+4.0%	-33.9%	-39.3%	+885.1%	+854.3%	+0.0%

AFT reported 1H21 underlying growth of ~+9%, albeit the result fell short of our expectations as COVID-19 created headwinds across the portfolio (a marked turnaround from 2H20 tailwinds). Despite this, FY21 EBIT guidance was retained, with AFT citing a higher than usual seasonal skew to 2H. We lower our forecasts to the bottom-end of the range, assuming a modest acceleration in the revenue growth trajectory, helped by recent new deals and early signs some headwinds are abating.

APL	Asset Plus	Rohan Koreman-Smit	1H20	5.0	4.3	4.3	2.8	1.7	1.8
NEUTRAL	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>4.4</b>	<b>3.7</b>	<b>3.7</b>	<b>2.6</b>	<b>1.5</b>	<b>0.9</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Above</b>	Forsyth Barr	4.1	3.3	3.3	2.3	1.4	0.9
			% chg	-12.8%	-14.2%	-14.2%	-6.4%	-10.8%	-50.0%

APL announced a solid interim result, with AFFO (adjusted funds from operations) ahead of expectations due to better rent relief outcomes than forecast. While the operational result was pleasing, it does little to change the investment case for APL. The current share price is cheap relative to peers and APL's underlying asset value, indicating investors excitement about possible catalysts, is tempered by vacancy and earnings risk within its concentrated portfolio. We believe that building scale, achieving good leasing outcomes, and executing on development plans will build investor confidence over time.

ARG	Argosy Property	Rohan Koreman-Smit	1H20	51.0	45.4	45.4	29.9	3.6	3.1
OUTPERFORM	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>55.6</b>	<b>49.7</b>	<b>49.7</b>	<b>36.0</b>	<b>4.3</b>	<b>3.2</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Above</b>	Forsyth Barr	50.1	44.4	44.4	28.9	3.5	3.2
			% chg	+9.0%	+9.5%	+9.5%	+20.4%	+20.2%	+2.8%

ARG's 1H21 result was boosted by a number of one-offs, but underpinned by underlying distributable profit growth which we estimate to be +5-7%. The strong result saw ARG lift FY21 distribution guidance +0.10cps to 6.45cps, with management motivated to continue its streak of growing dividends. The highlight of the result was a +4.3% revaluation gains leading to +8.5% net tangible assets (NTA) growth, attributable solid rental growth and capitalisation rate compression.

ARV	Arvida Group Limited	Aaron Ibbotson	1H20	97.5	29.1	26.3	23.4	5.0	2.9
NEUTRAL	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>99.1</b>	<b>26.1</b>	<b>23.1</b>	<b>20.5</b>	<b>3.8</b>	<b>2.4</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Below</b>	Forsyth Barr	106.2	30.8	26.8	25.0	4.6	2.9
			% chg	+1.6%	-10.2%	-12.3%	-12.4%	-24.0%	-17.2%

On balance we walk away broadly encouraged by ARV's 1H21 result despite annuity EBITDA decreasing -11% vs 1H20, ~5% below our expectations. The positives of strong (and transparent) cash generation, confident development guidance and cost discipline outweighed weak underlying earnings driven by lower than anticipated deferred management fee (DMF). ARV has done a meritorious job managing the COVID-19 difficulties to date and our impression from its result is that the focus over the last six months has squarely been on the relating issues for residents and staff, an understandable prioritisation. Looking ahead, we believe the success of the care ORA model will be crucial for the investment case in ARV.

FPH	F&P Healthcare	Chelsea Leadbetter, CFA	1H20	570.9	194.5	170.7	125.9	21.9	12.0
UNDERPERFORM	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>910.2</b>	<b>346.2</b>	<b>309.2</b>	<b>225.5</b>	<b>39.2</b>	<b>16.0</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Above</b>	Forsyth Barr	880.3	324.2	292.1	216.3	37.5	18.0
			% chg	+59.4%	+78.0%	+81.1%	+79.1%	+78.7%	+33.3%

FPH 1H21 result was unsurprisingly dominated by COVID-19, which remains an ongoing and extraordinary tailwind, given its products continue to be used as front-line therapy. There was little in the way of new information to help answer the key question – what does the earnings path look like beyond COVID-19? It is clear monthly volatility in growth is extreme, demand still strong, while visibility is low on the minutiae of usage. FPH is a high quality growth company, however, market expectations are high. We expect growth to be difficult when Hospital equipment sales fade from elevated levels, hospitalisations slow and as FPH begins to cycle larger numbers from late 4Q21. Growing newsflow and progress with a vaccine, along with the likelihood of a low (or non-existent) flu season may also drag.

GMT	Goodman Property Trust	Rohan Koreman-Smit	1H20	71.3	64.9	64.9	44.7	3.4	3.3
UNDERPERFORM	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>74.3</b>	<b>67.0</b>	<b>67.0</b>	<b>46.4</b>	<b>3.3</b>	<b>2.7</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Above</b>	Forsyth Barr	69.8	62.5	62.5	43.1	3.1	2.7
			% chg	+4.2%	+3.2%	+3.2%	+3.8%	-2.6%	-20.3%

The defensive nature of GMT's portfolio underpinned a solid interim result with cash earnings on a per unit basis down just -1% yoy, largely due to an increased share count. Given an improving outlook, GMT lifted guidance marginally and announced the recommencement of a speculative project it had paused, highlighting confidence in demand for industrial space. Management also signalled that the timing of larger-scale redevelopments may be accelerated, with continued capitalisation rate compression improving project economics.

**Figure 28. 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	FY19	111.7	24.8	15.4	9.6	9.8	3.0
NEUTRAL	Result:	Final	FY20	100.5	12.1	-0.3	2.4	2.4	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	105.4	12.9	1.5	0.9	0.9	0.0
				% chg	-10.0%	-51.2%	n/a	-75.1%	-100.0%

GTK is at a major cross-roads, with significant uncertainty as to whether the new management team (new CEO, new CFO and new Chair) can execute on re-accelerating growth, rebuilding profitability, and regaining investor confidence. We anticipate the acknowledged need to "accelerate investment in the technology edge", which will likely hold back near term margins and may inhibit sustainable margins longer term but could allow higher paced growth from a more competitive offering.

IFT	Infratil	Aaron Ibbotson	1H20	n/a	n/a	n/a	n/a	n/a	6.3
NEUTRAL	Result:	Interim	1H21	n/a	n/a	n/a	n/a	n/a	6.3
	6mth Result vs Forecast (eps):	n/a	Forsyth Barr	n/a	n/a	n/a	n/a	n/a	6.3
				% chg	n/a	n/a	n/a	n/a	+0.0%

We walk away with three main takeaways from IFT's 1H21 result, (1) Vodafone, after various adjustments, experienced a modest organic decline in EBITDAF – even if we add back the guided direct impact of COVID-19; (2) management appears comfortable with current leverage levels and view "ad-hoc" cash injection from Longroad/other and/or asset sales to likely be sufficient to cover cash needs; (3) CDC continues to be the main driver of net asset value growth, but is also likely to drive continued performance fees.

IPL	Investore	Rohan Koreman-Smit	1H20	23.5	19.4	19.4	9.8	3.8	3.8	
OUTPERFORM	Result:	Interim	1H21	26.5	21.5	21.5	13.7	3.9	3.8	
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	27.0	22.8	22.8	13.1	3.6	3.8	
				% chg	+12.8%	+10.4%	+10.4%	+39.3%	+2.0%	+0.0%

IPL reported a solid 1H21 result, with AFFO ahead of our expectations largely due to lower than expected maintenance capex. Over the period strong demand for large format retail (LFR) properties led to tightening capitalisation rates and strong revaluations. While this has benefitted shareholders, competitive bidding and scarce supply has made IPL's growth-via-acquisition strategy more challenging in the near-term. We remain confident that acquisitions will drive better than peers earnings growth and believe this will prove attractive vs. a low growth sector.

KPG	Kiwi Property Group	Rohan Koreman-Smit	1H20	89.9	78.9	78.9	48.3	3.4	3.5	
UNDERPERFORM	Result:	Interim	1H21	72.3	61.5	61.5	36.3	2.3	2.2	
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	73.7	63.0	63.0	40.0	2.5	2.2	
				% chg	-19.6%	-22.1%	-22.1%	-24.7%	-31.0%	-37.6%

KPG reported a soft interim result, with AFFO down -21% versus the pcp due to the impacts of COVID-19. While KPG's office portfolio showed resilience in a difficult period, this was overshadowed by significant rental abatements and large negative releasing spreads in its retail portfolio. FY21 guidance surprised to the downside for both AFFO and DPS. While KPG has logical plans to dilute its retail concentration via development of its larger assets, the funding and earnings pathway for this transition will not be straightforward and execution risks are heightened.

MFT	Mainfreight	Andy Bowley	1H20	1,500.5	176.5	147.9	59.1	58.7	25.0	
OUTPERFORM	Result:	Interim	1H21	1,608.9	204.8	174.2	72.9	72.4	30.0	
	6mth Result vs Forecast (eps):	In-line	Forsyth Barr	1,607.2	200.5	169.5	73.1	72.6	28.0	
				% chg	+7.2%	+16.0%	+17.7%	+23.3%	+23.3%	+20.0%

Positive forward commentary highlights the ongoing strength of MFT's profit growth profile while the 1H21 result had already been pre-released at last month's investor day. Management appears confident of another very strong six month period through 2H21, which should translate to meaningful market consensus earnings upgrades. The caution apparent at the investor day around pre-Christmas Australasian volumes has disappeared given "extraordinary tonnage" in recent weeks. We expect revenue growth to accelerate through the second half as new customer wins boosts activity levels and the COVID-19 disruption doesn't repeat (at least to the same extent as in 1H21).

NPH	Napier Port	Andy Bowley	FY19	99.6	40.5	28.5	19.7	16.3	2.5	
NEUTRAL	Result:	Final	FY20	100.4	41.0	28.0	20.4	10.2	5.0	
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	101.0	40.3	27.8	20.1	10.1	7.4	
				% chg	+0.8%	+1.3%	-1.7%	+3.7%	-37.5%	+100.0%

NPH's FY20 provided few surprises though outlook commentary highlights a more subdued backdrop for FY21 and perhaps lower earnings capacity in later years than we previously expected. In particular, we forecast greater compression of medium/longer term return on capital given its reliance on pricing (to lift returns) which may be less forthcoming than anticipated and suspect the next material pricing move may not be until 6 Wharf is completed in 2022. We recognise that returns will benefit from a volume rebound associated with (1) cruise ships returning, and (2) the wall of wood, though both of these are well known by investors.

Source: Forsyth Barr analysis

**Figure 29. 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	1H20	2.6	-9.3	-9.6	-9.4	-1.8	0.0
RESEARCH INSIGHTS	Result:	Interim	1H21	3.9	-6.5	-7.2	-7.1	-1.0	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	4.3	-8.0	-8.2	-8.1	-1.2	0.0
			% chg	+51.3%	n/a	n/a	n/a	n/a	+0.0%
<p>PEB reported strong 1H21 revenue growth and an improved NPAT loss, however, COVID-19 was a larger handbrake to revenue growth momentum than we had forecast. A lot has changed in the past six months, given success with two long awaited transformational milestones in the US market which supports a step-change for the business. COVID-19 has clouded the short-term upside, however, the prize is substantial and headwinds are showing some signs of easing. There was nothing in the result to change our view of the opportunity or PEB's ability to capitalise on this.</p>									
PPH	Pushpay Holdings	Jamie Foulkes	1H20	57.4	9.5	7.5	6.5	2.4	0.0
NEUTRAL	Result:	Interim	1H21	86.5	26.7	23.1	13.4	4.9	0.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	95.5	29.4	26.6	21.0	7.6	0.0
			% chg	+50.8%	+180.6%	+207.9%	+106.8%	+106.9%	+0.0%
<p>PPH reported a solid 1H21 result, but despite the anticipated upgrade in guidance we recognise investor concerns around future front book growth. This was partially alleviated by a +4% growth in new customers using PPH's processing platform in 1H21, although the majority of these new customers were small or medium churches. We also recognise the higher than expected churn in customers using Church Community Builder (CCB), which were predominantly smaller scale churches. During COVID-19 total US giving across churches has remained robust while digital penetration has reached record highs.</p>									
RYM	Ryman Healthcare	Aaron Ibbotson	1H20	294.8	126.0	112.3	103.0	20.6	11.5
NEUTRAL	Result:	Interim	1H21	299.1	113.6	98.0	88.5	17.7	8.8
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	344.4	158.8	144.8	131.7	26.3	12.0
			% chg	+1.5%	-9.8%	-12.7%	-14.1%	-14.1%	-23.5%
<p>RYM reported a weak 1H21 result with underlying earnings and annuity EBITDA down significantly vs pcp as COVID-19 related restrictions weighed on activity. Cash recovery of capex was particularly weak, resulting in net debt increasing by NZ\$300m since the FY20 result. RYM remains positive and guided to a record cash inflow in 2H21, and is optimistic on its long term ability to recover near 100% of capex and grow underlying earnings at 15% p.a. RYM also announced a new pricing model for care beds in New Zealand, similar to in Australia, where residents can choose to pay a Refundable Accommodation Deposit (RAD) instead of a weekly fee. We consider the product attractively priced and see room for it to raise NZ\$500m+ over time, but it will come at the cost of lower on-going care earnings.</p>									
SAN	Sanford	Guy Hooper	FY19	545.1	85.7	64.8	40.0	42.7	14.0
OUTPERFORM	Result:	Final	FY20	468.8	66.3	38.3	23.5	25.1	8.0
	6mth Result vs Forecast (eps):	Below	Forsyth Barr	468.8	61.2	38.3	22.4	23.9	8.0
			% chg	-14.0%	-22.7%	-41.0%	-41.3%	-41.3%	-42.7%
<p>A challenging operating environment materially weighed on SAN's FY20 result, and whilst earnings were disappointing, it was largely a function of COVID-19 disruption. Key longer term earnings drivers remain intact, with no underlying changes to asset productivity or long-term growth opportunities. However, SAN's earnings are likely to remain under pressure while COVID-19 disrupts global restaurant trade, with a normalisation of food supply chains a key catalyst for a change in tides.</p>									
SPG	Stride Property	Rohan Koreman-Smit	1H20	37.9	28.8	28.8	19.3	5.3	5.0
OUTPERFORM	Result:	Interim	1H21	33.4	24.5	24.5	21.1	5.5	5.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	27.5	18.4	18.4	17.3	4.7	5.0
			% chg	-11.8%	-14.9%	-14.9%	+9.6%	+3.7%	+0.1%
<p>SPG reported a strong 1H21 result underpinned by better than expected rent abatements as well as recurring and one-off management fees. The announcement of an NZ\$220m capital raise to fund the acquisition of a prime Wellington office tower was the key piece of new information in yesterday's result, and propels SPG another step closer to its goal of establishing an office fund. SPG's post-offer pro-forma gearing of 30.4% provides it with capacity for further acquisitions, with management signalling its intention to remain active.</p>									
TLT	Tilt Renewables	Andrew Harvey-Green	1H20	103.4	71.4	31.8	18.8	4.0	0.0
NEUTRAL	Result:	Interim	1H21	56.0	31.8	11.4	20.0	4.7	0.0
	6mth Result vs Forecast (eps):	Above	Forsyth Barr	58.4	31.7	6.8	5.4	1.4	0.0
			% chg	-45.9%	-55.5%	-64.1%	+6.4%	+17.5%	+0.0%
<p>Note: adjusted for Depreciation/Capex, AUD forecasts (DPS in NZD)</p> <p>TLT reported 1H21 EBITDAF of A\$32m, in line with expectations but down -55% on 1H20 due to the sale of Snowtown 2 in December 2019 and declining Australian wholesale electricity prices. With Dundonnell and Waipipi expected to complete commissioning in 2H21, we're forecasting a stronger 2H21 result.</p>									

Source: Forsyth Barr analysis

**Figure 30. Reporting Season: Company detail**
**Companies Reported**

Code	Company	Analyst	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
TPW	Trustpower	Andrew Harvey-Green	1H20	539.4	107.1	87.3	48.6	15.5	17.0
NEUTRAL	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>506.3</b>	<b>110.4</b>	<b>88.5</b>	<b>52.2</b>	<b>16.7</b>	<b>17.0</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>In-line</b>	Forsyth Barr	498.0	111.1	87.5	52.9	16.9	15.5
			% chg	-6.1%	+3.1%	+1.3%	+7.4%	+7.6%	+0.0%
ZEL	Z Energy	Andrew Harvey-Green	1H20	2,461.0	183.0	108.0	71.0	17.8	16.5
OUTPERFORM	<b>Result:</b>	<b>Interim</b>	<b>1H21</b>	<b>1,496.0</b>	<b>97.0</b>	<b>17.0</b>	<b>-19.2</b>	<b>-3.7</b>	<b>0.0</b>
	<b>6mth Result vs Forecast (eps):</b>	<b>Below</b>	Forsyth Barr	1,313.1	93.2	16.8	-6.0	-1.2	0.0
			% chg	-39.2%	-47.0%	-84.3%	n/a	n/a	-100.0%

TPW's headline 1H21 result contained no fireworks, which is a good thing for a generator/retailer. 1H21 EBITDAF of NZ\$110m was +NZ\$3m better than 1H20, a good result considering the challenging 1H21 hydro conditions. Continuing poor hydro conditions has caused TPW to lower its FY21 EBITDAF guidance mid-point -NZ\$7.5m. The only minor surprise in the result was TPW's 17.0cps dividend, +1.5cps higher than the final FY20 dividend. Our -3.6% target price cut to NZ\$7.50 is due to a softer than anticipated outlook for ACOT and higher maintenance capex.

ZEL did what it needs to do, delivering a solid 1H21 result and providing FY21 EBITDAF guidance that did not disappoint. More of the same is needed though if ZEL is once again to find favour with the market and that will take time. Our forecast changes are minor (FY21 EBITDAF increased +NZ\$5m to NZ\$246m), our target price is unchanged (NZ\$4.35), and we continue to see long-term value in ZEL.

Source: Forsyth Barr analysis

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