

# Skellerup Holdings

## 1H21 — Refined Processes Unlocks Margin

GUY HOOPER

guy.hooper@forsythbarr.co.nz  
+64 4 495 5255

### OUTPERFORM

Skellerup (SKL) delivered a stellar 1H21 result, ahead of expectations, and characterised by impressive margin expansion across the group. Growth was broad based with both its operating divisions achieving >+50% year on year EBIT growth. SKL has experienced meaningful multiple expansion over the past seven months, which management believes is sustainable due to operational improvements, with notable optimism around medium-term earnings growth through its project pipeline. SKL has strong cash generation, earnings momentum, a positive growth outlook, and a conservative balance sheet which offers optionally. Trading on a 20x 12 month forward PE — broadly in line with the market — we continue to see value and retain our OUTPERFORM rating.

NZX Code	SKL	Financials: Jun/	20A	21E	22E	23E	Valuation (x)	20A	21E	22E	23E
Share price	NZ\$4.15	NPAT* (NZ\$m)	29.1	37.5	40.9	42.8	PE	27.8	21.6	19.8	18.9
Target price	NZ\$4.50	EPS* (NZc)	14.9	19.2	21.0	22.0	EV/EBIT	20.2	15.9	14.6	13.8
Risk rating	Medium	EPS growth* (%)	0.0	28.9	9.2	4.7	EV/EBITDA	15.5	12.9	12.1	11.5
Issued shares	194.8m	DPS (NZc)	13.0	15.5	16.5	18.0	Price / NTA	6.2	5.8	5.4	5.1
Market cap	NZ\$808m	Imputation (%)	50	50	50	50	Cash div yld (%)	3.1	3.7	4.0	4.3
Avg daily turnover	169.7k (NZ\$447k)	*Based on normalised profits					Gross div yld (%)	3.7	4.5	4.7	5.2

### What's changed?

- **Earnings:** We lift FY21E NPAT +11% to NZ\$37.5m. Recent performance and margin commentary gives us increased confidence in the medium-term earnings outlook. We lift FY22E and FY23E NPAT c. +20% each as we factor in higher margins.
- **Target price:** We lift our target price +NZ\$1.00 to NZ\$4.50 reflecting significant earnings revisions.

### Firing on all cylinders

SKL reported group NPAT of NZ\$19.5m (up +61% against the prior year period and +33% ahead of our expectations). Its earnings beat was broad based, driven primarily by margin expansion in both divisions, with group revenue in line (1H21 NZ\$137m vs. Forsyth Barr NZ\$136m).

### FY21 guidance range increased; Lift long-term margin assumptions

SKL raised its FY21 NPAT guidance range, +8% at the mid-points, to NZ\$33m to NZ\$37m (previously NZ\$30m to NZ\$35m). Guidance appears conservative, in our view, although acknowledge potential 2H21 headwinds from supply chain congestion, elevated freight costs, and FX. These headwinds appear largely transitional in nature (COVID-19 related) or relate to timing (delay in revenue recognition pushing earnings into 1H22), which gives us further confidence in the medium-term earnings outlook. Margin expansion was largely driven by operational gains, as opposed to one-off product mix changes, supporting the assumption improvements are sustainable. We lift our longer-term margin assumptions across our explicit forecast period, which is the key driver of our valuation changes.

### Conservative dividend; Balance sheet flexibility

SKL announced an interim dividend of 6.5cps (50% imputed, 65% payout ratio). We suspect the 1H21 dividend reflects the caution captured in FY21 guidance, which we view as conservative.

## Skellerup Holdings (SKL)

Priced as at 18 Feb 2021 (NZ\$) **4.15**

<b>12-month target price (NZ\$)*</b>	<b>4.50</b>
Expected share price return	8.4%
Net dividend yield	3.9%
Estimated 12-month return	12.3%

<b>Key WACC assumptions</b>	
Risk free rate	2.30%
Equity beta	1.10
WACC	7.3%
Terminal growth	1.5%

<b>Spot valuations (NZ\$)</b>	
1. DCF	4.18
2. Relative valuation	4.40
3. n/a	n/a

<b>DCF valuation summary (NZ\$m)</b>	
Total firm value	814
(Net debt)/cash	(29)
Less: Capitalised operating leases	(68)
Value of equity	718

<b>Profit and Loss Account (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Sales revenue	245.8	251.4	270.2	282.9	295.1
<b>Normalised EBITDA</b>	<b>48.9</b>	<b>55.3</b>	<b>65.6</b>	<b>70.1</b>	<b>73.3</b>
Depreciation and amortisation	(7.1)	(12.8)	(12.3)	(12.2)	(12.0)
<b>Normalised EBIT</b>	<b>41.8</b>	<b>42.5</b>	<b>53.3</b>	<b>57.9</b>	<b>61.3</b>
Net interest	(1.8)	(2.6)	(2.0)	(1.9)	(1.8)
Associate income	0.0	(0.1)	0	0	0
Tax	(11.0)	(10.8)	(13.8)	(15.1)	(16.7)
Minority interests	0	0	0	0	0
<b>Normalised NPAT</b>	<b>29.1</b>	<b>29.1</b>	<b>37.5</b>	<b>40.9</b>	<b>42.8</b>
Abnormals/other	0	0	0	0	0
<b>Reported NPAT</b>	<b>29.1</b>	<b>29.1</b>	<b>37.5</b>	<b>40.9</b>	<b>42.8</b>
Normalised EPS (cps)	14.9	14.9	19.2	21.0	22.0
DPS (cps)	13.0	13.0	15.5	16.5	18.0

<b>Growth Rates</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Revenue (%)	2.2	2.3	7.5	4.7	4.3
EBITDA (%)	3.6	12.9	18.8	6.8	4.6
EBIT (%)	5.1	1.6	25.5	8.6	5.8
Normalised NPAT (%)	6.5	0.0	28.9	9.2	4.7
Normalised EPS (%)	5.5	0.0	28.9	9.2	4.7
Ordinary DPS (%)	18.2	0.0	19.2	6.5	9.1

<b>Cash Flow (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
<b>EBITDA</b>	<b>48.9</b>	<b>55.3</b>	<b>65.6</b>	<b>70.1</b>	<b>73.3</b>
Working capital change	(8.5)	4.8	(1.5)	(3.3)	(3.3)
Interest & tax paid	(11.5)	(12.1)	(15.9)	(17.0)	(18.5)
Other	0	0	0	0	0
<b>Operating cash flow</b>	<b>28.9</b>	<b>48.0</b>	<b>48.3</b>	<b>49.8</b>	<b>51.5</b>
Capital expenditure	(4.6)	(4.4)	(5.0)	(5.1)	(5.2)
(Acquisitions)/divestments	(8.2)	(5.8)	0	0	0
Other	0	(4.7)	(4.7)	(4.8)	(4.9)
<b>Funding available/(required)</b>	<b>16.2</b>	<b>33.2</b>	<b>38.6</b>	<b>39.9</b>	<b>41.5</b>
Dividends paid	(24.3)	(25.3)	(27.3)	(32.1)	(32.1)
Equity raised/(returned)	2.4	0	0	0	0
<b>(Increase)/decrease in net debt</b>	<b>(5.7)</b>	<b>7.9</b>	<b>11.4</b>	<b>7.8</b>	<b>9.3</b>

<b>Balance Sheet (NZ\$m)</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Working capital	76.1	73.7	75.2	78.5	81.8
Fixed assets	91.3	87.8	86.0	84.3	82.9
Intangibles	49.5	54.9	54.9	54.9	54.9
Right of use asset	0	21.8	21.8	21.8	21.8
Other assets	7.6	7.0	7.0	7.0	7.0
<b>Total funds employed</b>	<b>224.4</b>	<b>245.2</b>	<b>244.8</b>	<b>246.5</b>	<b>248.4</b>
Net debt/(cash)	36.6	28.5	17.1	9.4	0.1
Lease liability	0	17.8	20.2	20.8	21.3
Other liabilities	9.5	14.4	12.8	12.8	12.8
Shareholder's funds	178.4	184.6	194.8	203.5	214.2
Minority interests	0	0	0	0	0
<b>Total funding sources</b>	<b>224.4</b>	<b>245.2</b>	<b>244.8</b>	<b>246.5</b>	<b>248.4</b>

<b>Valuation Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
EV/EBITDA (x)	17.2	15.2	12.7	11.8	11.3
EV/EBIT (x)	20.1	19.8	15.6	14.2	13.5
PE (x)	27.8	27.8	21.6	19.8	18.9
Price/NTA (x)	6.3	6.2	5.8	5.4	5.1
Free cash flow yield (%)	3.0	5.4	5.4	5.5	5.7
Net dividend yield (%)	3.1	3.1	3.7	4.0	4.3
Gross dividend yield (%)	3.7	3.7	4.5	4.7	5.2

<b>Capital Structure</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Interest cover EBIT (x)	23.4	16.5	26.2	30.3	33.5
Interest cover EBITDA (x)	27.4	21.4	32.3	36.6	40.0
Net debt/ND+E (%)	17.0	13.4	8.1	4.4	0.0
Net debt/EBITDA (x)	0.7	0.5	0.3	0.1	0.0

<b>Key Ratios</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
Return on assets (%)	16.3	15.0	18.6	20.0	21.0
Return on equity (%)	16.3	15.7	19.2	20.1	20.0
Return on funds employed (%)	14.5	14.5	18.3	19.9	20.7
EBITDA margin (%)	19.9	22.0	24.3	24.8	24.8
EBIT margin (%)	17.0	16.9	19.7	20.5	20.8
Capex to sales (%)	1.9	1.7	1.9	1.8	1.7
Capex to depreciation (%)	64	34	41	42	43
Imputation (%)	50	50	50	50	50
Pay-out ratio (%)	87	87	81	79	82

<b>Operating Performance</b>	<b>2019A</b>	<b>2020A</b>	<b>2021E</b>	<b>2022E</b>	<b>2023E</b>
------------------------------	--------------	--------------	--------------	--------------	--------------

<b>Revenue by segment</b>					
Agri	88.8	93.6	103.0	108.1	112.4
Industrial	157.2	157.9	167.4	174.9	182.8
<b>Total revenue (incl. eliminations)</b>	<b>245.8</b>	<b>251.4</b>	<b>270.2</b>	<b>282.9</b>	<b>295.1</b>

<b>EBIT by segment</b>					
Agri	22.8	25.4	29.9	32.4	33.7
Industrial	22.9	20.9	28.5	29.7	32.0
<b>Total EBIT (incl. overheads)</b>	<b>41.8</b>	<b>42.5</b>	<b>53.3</b>	<b>57.9</b>	<b>61.3</b>

<b>EBIT margin by segment</b>					
Agri (%)	25.7	27.1	29.0	30.0	30.0
Industrial (%)	14.6	13.2	17.0	17.0	17.5
<b>Total (%)</b>	<b>17.0</b>	<b>16.9</b>	<b>19.7</b>	<b>20.5</b>	<b>20.8</b>

## 1H21 result summary

Skellerup (SKL) delivered a stellar 1H21 result, reporting NPAT of NZ\$19.5m vs. our expectations of NZ\$14.7m. The beat was broad based, driven primarily by margin expansion with group revenue in line (1H21 NZ\$137m vs. FB NZ\$136m). Continued operational gains are called out as a primary driver of margin expansion in both divisions, which in our view provides a basis for lifting margin assumptions in forecast years.

SKL announced an interim dividend of 6.5cps (50% imputed), up +1.0cps on the prior year and -0.5cps behind our expectations. We suspect the 1H21 dividend reflects the caution captured in FY21 guidance, which we view as conservative. We expect a +1.5cps year on year lift to the final dividend.

Strong cash generation enabled further debt reduction, with 1H21 net debt/12 month rolling EBITDA only 0.2x. We expect SKL to pursue acquisitive growth, an area of recent success, though border restrictions are likely to create delays.

**Figure 1. 1H21 result breakdown (NZ\$m)**

	1H20	1H21	Change	Comments
Agri	44.2	50.9	15.2%	International market growth, particularly Europe
Industrial	78.9	85.7	8.7%	Marine foam and Australian roofing products key standouts
<b>Revenue</b>	<b>123.0</b>	<b>136.6</b>	<b>11.1%</b>	
Agri	10.1	15.3	51.7%	Operational gains and higher contribution from Silclear
Industrial	9.9	15.5	56.7%	Operational gains and improved pricing, also included lift from govt. grants
<b>EBIT</b>	<b>18.0</b>	<b>27.6</b>	<b>53.1%</b>	<b>Broad based earnings growth contribution</b>
margin	15%	20%	550bp	Material margin expansion across both divisions
Finance cost	(1.3)	(1.2)	-8.8%	Continued reduction in net debt
<b>Profit before tax</b>	<b>16.7</b>	<b>26.4</b>	<b>57.9%</b>	
Tax	(4.6)	(6.9)	49.3%	26% effective tax rate
<b>NPAT</b>	<b>12.1</b>	<b>19.5</b>	<b>61.2%</b>	<b>FY21 guidance NZ\$33m to NZ\$37m</b>
EPS (cps)	6.2	10.0	61.2%	
Interim DPS (cps)	5.5	6.5	18.2%	50% imputed, 65% interim payout conservative
Net debt (cash)	34.7	13.0	-62.6%	0.2x Net debt/rolling EBITDA
Operating cash flow	24.1	35.1	45.9%	Strong cash generation
Capex	7.5	2.5	-66.2%	Prior period includes NZ\$5m acquisition of Silclear

Source: Company reports, Forsyth Barr analysis

### Key result takeouts

- **Agri +18% revenue growth and +56% EBIT growth against the prior year period** – SKL increased its rubberware sales in all markets, and appears to have taken market share following the DeLaval acquisition of competitor Avon. The division experienced a small uplift as a result of COVID-19 and Brexit disruption with sales pulled into the period (c. +NZ\$0.5m NPAT). Footwear growth was strong in New Zealand, with mixed results internationally albeit due to production constraints.
  - 1H21 Agri EBIT margin expanded to 30% (+730bp on 1H20). Continued operational improvements at its Wigram plant was a key driver, in addition to a higher Silclear contribution (only two months in the prior year period).
- **Industrial +7% revenue growth and +52% EBIT growth against the prior year period** – The Industrial division was cycling a weak prior period, although +33% EBIT growth on 1H19 is also impressive. Growth was supported by a recovery in the COVID-19 impacted potable water business, although key drivers include construction revenue in Australia and global marine foam.
  - 1H21 Industrial margin expanded to 18.2% (+560bp on 1H20).
- **Plenty of balance sheet headroom** – Net debt fell -NZ\$15.5m to NZ\$13m (0.4x Net debt/EBITDA). The balance sheet is conservatively geared with room to increase capital returns to shareholders and pursue acquisitions.
  - Acquisitive growth is a key lever for SKL and an area it has had recent success in. SKL typically targets bolt-on acquisitions that provide one or a combination of 1) a new customer base, 2) an area of technical expertise, and 3) geographic advantage. We suspect border closures have been and will likely continue to be (in the short-term) an impediment.

### Outlook commentary

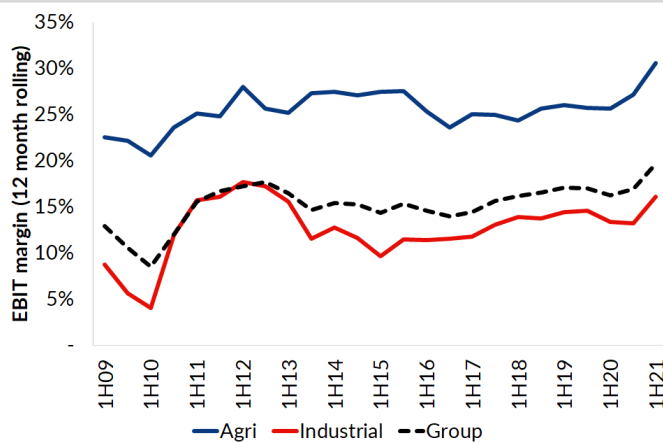
- **FY21 guidance appears conservative** – FY21 NPAT guidance implies a significant slowdown in 2H earnings vs. 1H, which if it were to occur would be only the second time in the last 10 years that 2H earnings are lower than 1H (Figure 3). We view guidance as likely conservative, although management noted a number of potential 2H21 headwinds, being supply chain congestion, elevated

freight costs, and FX. These headwinds appear largely transitional in nature (COVID-19 related) or relate to timing (delay in revenue recognition pushing earnings into 1H22).

- **Margin expansion represents a new base** – EBIT margin expansion was largely driven by improvements to SKL's operational processes, and is likely to be more enduring in our view. Management commented on margin gains being sustainable, with internal targets above these levels.
- **Project pipeline contains a healthy mix of near and medium-term opportunities** – Organic growth opportunities appear plenty, with commentary suggesting the pipeline of both near and medium-term growth opportunities is healthy. These include market share gains in Agri products and further expansion into international markets, new OEM (original equipment manufacturer) contracts, and infrastructure spend tailwinds.

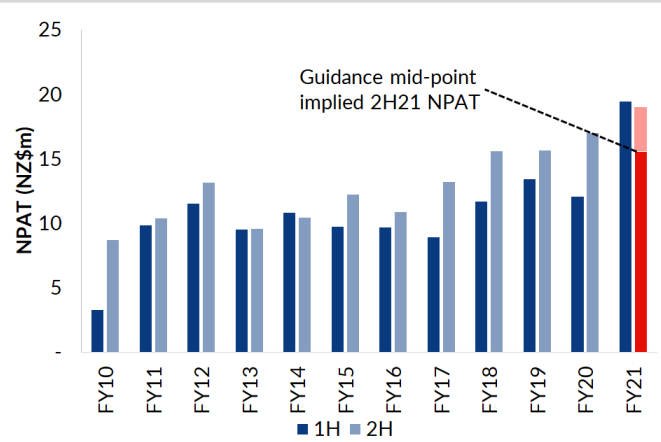
## Charts of interest

Figure 2. 12 month rolling EBIT margin



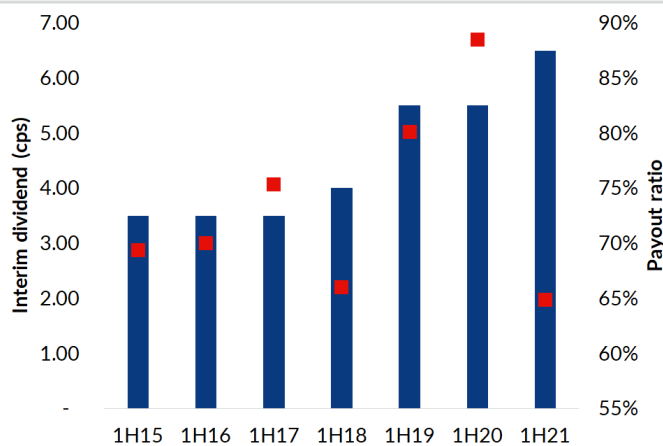
Source: Company reports, Forsyth Barr analysis

Figure 3. Group NPAT seasonality; guidance conservative



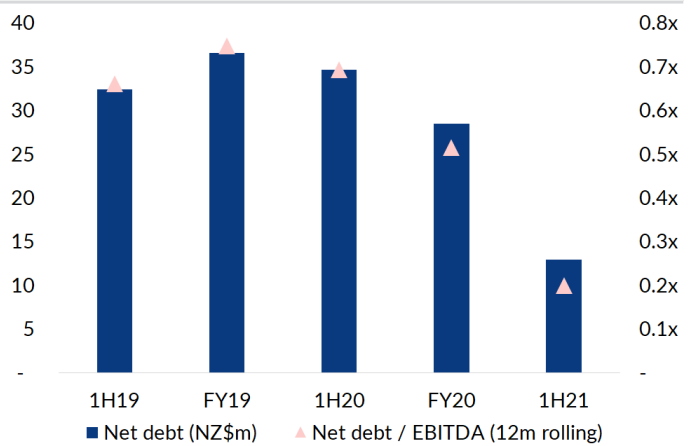
Source: Company reports, Forsyth Barr analysis

Figure 4. Growing dividend; conservative payout



Source: Company reports, Forsyth Barr analysis

Figure 5. Plenty of balance sheet headroom



Source: Forsyth Barr analysis

## Earnings changes and valuation

We make material changes to our earnings assumptions. We lift FY21 NPAT +11% to NZ\$38m, above the top end of the guidance range (NZ\$33m to NZ\$37m). 1H21 margin expansion was predominantly driven by operational improvements, as opposed to one off mix changes, which gives us confidence in the medium-term outlook. We lift our base EBIT margin assumptions significantly (+200bp–300bp), with some margin contraction (from 1H21) as a result of raw material and freight cost headwinds.

Figure 6. Earnings changes (NZ\$m)

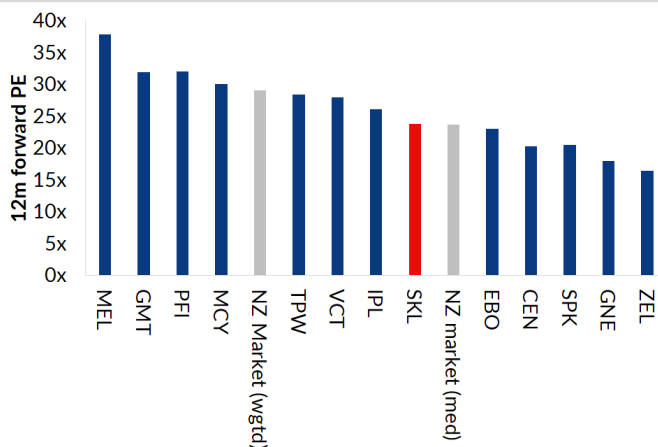
	FY21E			FY22E			FY23E		
	old	new	% chg	old	new	% chg	old	new	% chg
Revenue	275.3	270.2	-1.8%	286.9	282.9	-1.4%	297.3	295.1	-0.7%
EBIT	49.4	54.4	9.9%	50.3	57.9	15.2%	52.4	61.3	17.0%
Normalised NPAT	33.6	37.5	11.4%	34.2	40.9	19.5%	35.8	42.8	19.8%
EPS (cps)	17.3	19.2	11.4%	17.6	21.0	19.5%	18.4	22.0	19.8%
DPS (cps)	15.0	15.5	3.3%	16.0	16.5	3.1%	17.0	18.0	5.9%

Source: Forsyth Barr analysis

#### Target price increased +NZ\$1.00 to NZ\$4.50; OUTPERFORM

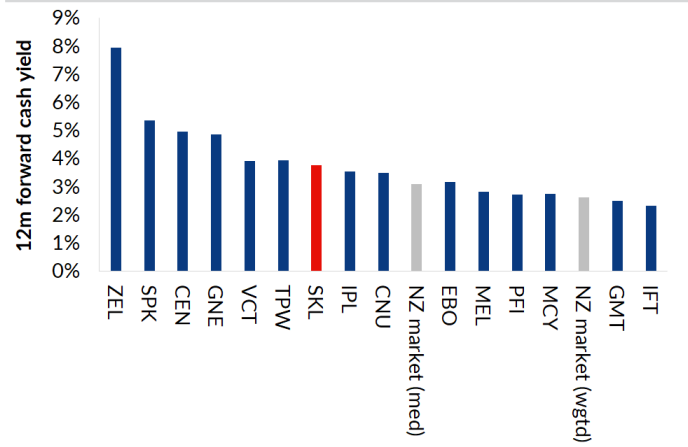
Our target price lifts +NZ\$1.00 to NZ\$4.50. This reflects meaningful upgrades to both near-term earnings growth forecasts and a lift in our terminal margin assumptions. It is also supported by a higher market relative multiple since our last report. We have updated our cost of capital inputs, increasing the risk free rate (from 1.3% to 2.3%) and lowering the market risk premium (from 6.0% to 5.5%), consistent with our strategy report, *Still a One Way Bet? – Updated WACC Assumptions*, published 12 February 2021. The impact on SKL's WACC was negligible.

Figure 7. PE vs yield stocks; broadly aligned to NZ market

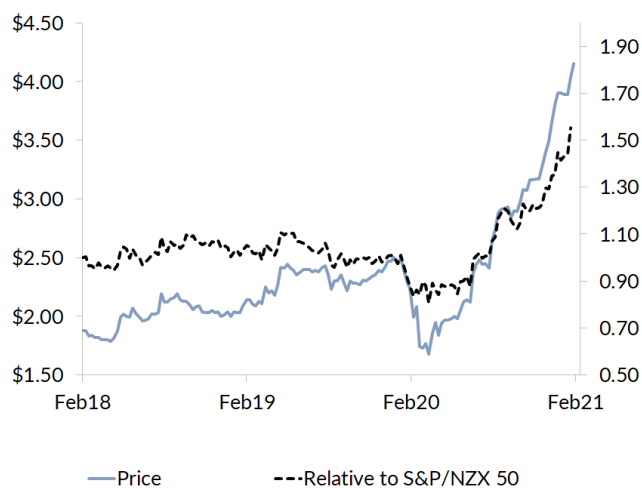


Source: Forsyth Barr analysis

Figure 8. Solid yield (albeit not fully imputed)



Source: Forsyth Barr analysis

**Figure 9. Price performance**


Source: Forsyth Barr analysis

**Figure 10. Substantial shareholders**

Shareholder	Latest Holding
Sir Selwyn John Cushing	6.5%
Forsyth Barr Investment Management	5.0%

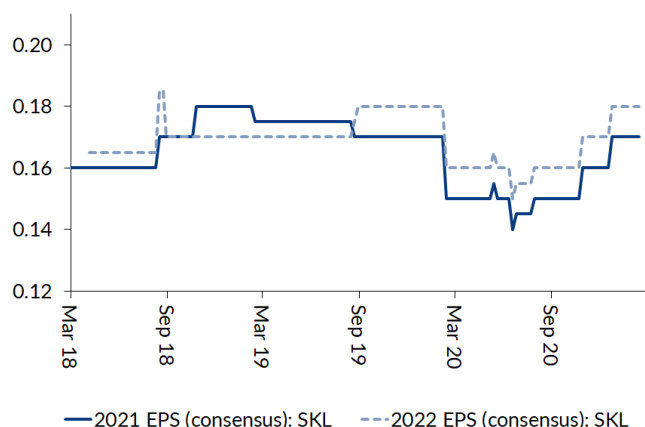
Source: NZX, Forsyth Barr analysis, NOTE: based on SPH notices only

**Figure 11. International valuation comparisons**

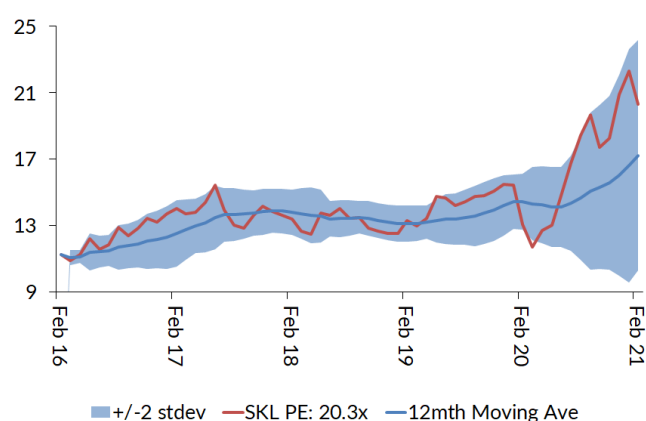
Company	Code	Price	Mkt Cap (m)	PE 2021E	PE 2022E	EV/EBITDA 2021E	EV/EBITDA 2022E	EV/EBIT 2021E	EV/EBIT 2022E	Cash Yld 2022E
(metrics re-weighted to reflect SKL's balance date - June)										
Skellerup Holdings	SKL NZ	NZ\$4.15	NZ\$808	21.6x	19.8x	12.7x	11.9x	15.7x	14.4x	4.0%
AVON RUBBER PLC	AVON LN	£30.80	£956	23.1x	23.4x	22.2x	13.1x	52.4x	17.1x	1.4%
TRELLEBORG AB-B SHS	TRELB SS	kr204.30	kr55,380	18.0x	14.7x	11.5x	9.7x	17.1x	12.8x	2.7%
PGG WRIGHTSON *	PGW NZ	NZ\$3.22	NZ\$243	14.4x	14.5x	4.8x	4.8x	9.6x	9.6x	6.2%
NUTRIEN	NTR CN	US\$72.06	US\$41,027	35.8x	28.0x	13.7x	12.2x	31.2x	23.0x	2.6%
METRO PERFORMANCE GLASS	MPG NZ	NZ\$0.44	NZ\$81	7.6x	9.1x	4.7x	5.4x	9.2x	10.9x	1.1%
STEEL & TUBE HOLDINGS *	STU NZ	NZ\$1.04	NZ\$173	25.3x	23.0x	5.3x	5.4x	11.6x	11.3x	3.8%
Compco Average:				20.7x	18.8x	10.4x	8.4x	21.8x	14.1x	3.0%
SKL Relative:				4%	5%	23%	42%	-28%	2%	33%

EV = Current Market Cap + Actual Net Debt

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

**Figure 12. Consensus EPS momentum (NZ\$)**


Source: Forsyth Barr analysis

**Figure 13. One year forward PE (x)**


Source: Forsyth Barr analysis

**Analyst certification:** The research analyst(s) primarily responsible for the preparation and content of this publication ("**Analysts**") are named on the first page of this publication. Each such Analyst certifies (other than in relation to content or views expressly attributed to another analyst) that (i) the views expressed in this publication accurately reflect their personal views about each issuer and financial product referenced and were prepared in an independent manner, including with respect to Forsyth Barr Limited and its related companies; and (ii) no part of the Analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by that Analyst in this report.

**Analyst holdings:** The following Analyst(s) have a threshold interest in the financial products referred to in this publication: N/A. For these purposes, a threshold interest is defined as being a holder of more than \$50,000 in value or 1% of the financial products on issue, whichever is the lesser.

**Ratings distributions:** As at 17 Feb 2021, Forsyth Barr's research ratings were distributed as follows:

<b>OUTPERFORM</b>	<b>NEUTRAL</b>	<b>UNDERPERFORM</b>
<b>46.2%</b>	<b>36.5%</b>	<b>17.3%</b>

Forsyth Barr's research ratings are OUTPERFORM, NEUTRAL, and UNDERPERFORM. The ratings are relative to our other equity security recommendations across our New Zealand market coverage and are based on risk-adjusted Estimated Total Returns for the securities in question. Risk-adjusted Estimated Total Returns are calculated from our assessment of the risk profile, expected dividends and target price for the relevant security.

**Disclosure:** Forsyth Barr Limited and its related companies (and their respective directors, officers, agents and employees) ("Forsyth Barr") may have long or short positions or otherwise have interests in the financial products referred to in this publication, and may be directors or officers of, and/or provide (or be intending to provide) investment banking or other services to, the issuer of those financial products (and may receive fees for so acting). Forsyth Barr is not a registered bank within the meaning of the Reserve Bank of New Zealand Act 1989. Forsyth Barr may buy or sell financial products as principal or agent, and in doing so may undertake transactions that are not consistent with any recommendations contained in this publication. Other Forsyth Barr business units may hold views different from those in this publication; any such views will generally not be brought to your attention. Forsyth Barr confirms no inducement has been accepted from the issuer(s) that are the subject of this publication, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the issuer(s) being researched.

**Investment banking engagements:** Other than confidential engagements, Forsyth Barr has not within the past 12 months been engaged to provide investment banking services to the issuer that is the subject of this publication. For information about whether Forsyth Barr has within the past 12 months been engaged to provide investment banking services to any other issuer referred to in this publication, please refer to the most recent research report for that issuer's financial products.

**Not personalised financial advice:** The recommendations and opinions in this publication do not take into account your personal financial situation or investment goals. The financial products referred to in this publication may not be suitable for you. If you wish to receive personalised financial advice, please contact your Forsyth Barr Investment Adviser. The value of financial products may go up and down and investors may not get back the full (or any) amount invested. Past performance is not necessarily indicative of future performance. Disclosure statements for Forsyth Barr Investment Advisers are available on request and free of charge.

**Disclaimer:** This publication has been prepared in good faith based on information obtained from sources believed to be reliable and accurate. However, that information has not been independently verified or investigated by Forsyth Barr. Forsyth Barr does not make any representation or warranty (express or implied) that the information in this publication is accurate or complete, and, to the maximum extent permitted by law, excludes and disclaims any liability (including in negligence) for any loss which may be incurred by any person acting or relying upon any information, analysis, opinion or recommendation in this publication. Forsyth Barr does not undertake to keep current this publication; any opinions or recommendations may change without notice to you. Any analyses or valuations will typically be based on numerous assumptions; different assumptions may yield materially different results. Nothing in this publication should be construed as a solicitation to buy or sell any financial product, or to engage in or refrain from doing so, or to engage in any other transaction. This publication is not intended to be distributed or made available to any person in any jurisdiction where doing so would constitute a breach of any applicable laws or regulations or would subject Forsyth Barr to any registration or licensing requirement within such jurisdiction.

**Terms of use:** Copyright Forsyth Barr Limited. You may not redistribute, copy, revise, amend, create a derivative work from, extract data from, or otherwise commercially exploit this publication in any way. By accessing this publication via an electronic platform, you agree that the platform provider may provide Forsyth Barr with information on your readership of the publications available through that platform.