

Tourism Holdings

OUTPERFORM

FY19 — R V Back on Track?

Tourism Holdings' (THL) FY19 result should put an end to the earnings downgrade cycle that has prevailed over the past 12 months. This view is based on (1) forward bookings for Australasia are positive and reinforce our belief that despite slowing inbound tourism growth, THL's core markets (niche relative to the bulk of tourism) are healthy. (2) US vehicle sales challenges are now in the earnings base and being responded to by reduced capital allocation. (3) Potential earnings risks posed by the vehicle sales markets in New Zealand and Australia are limited by greater retail (vs. wholesale) exposure and lower vehicle churn than the US. (4) THL's balance sheet now has ample capacity for accretive deal making. We reiterate an **OUTPERFORM** rating.

What's changed?

- **Earnings:** Small upgrade to FY20, small downgrade to FY21
- **Target Price:** Raised to NZ\$4.70 from NZ\$4.50 due to WACC change in light of lower risk free rate assumption

Forward bookings provide confidence to FY20

Forward bookings for THL's New Zealand and Australian rentals operations are higher than this time last year, with growth in both yield and hire days; in both markets. We estimate current forward/completed bookings amount to ~40% of FY20 rental revenues, mitigating the potential adverse impact of slowing inbound tourism growth.

US vehicle sales problems persist but haven't got any worse

Fleet purchases exceeded fleet sales leading to fleet growth in all of THL's markets in FY19. The company was unable to sell as many vehicles as it would have liked, particularly in the US where the problem is most acute, not least given the high churn nature of the US business model. More difficult market conditions have brought lower margins, magnifying the earnings impact on THL. Management appears confident that both New Zealand and Australian operations can lift their sales rates in FY20. The US outlook is less certain, but at least didn't deteriorate further in 2H19 after a difficult 1H19.

Cheap after adjusting for Togo losses

Prima facie THL's one-year forward PE multiple of ~16x appears full. However, this includes significant and unsustainable Togo (previously called TH2) losses, which when appropriately adjusted for lowers the PE to an attractive ~11x. Togo remains in its investment phase with management targeting a break-even position in FY22. THL's enterprise value to invested capital (EV/IC) appears less cheap at ~1.5x. However, we are comfortable given (1) THL's strong structural positions which lend themselves to superior and sustainable return on capital, and (2) the impact of Togo losses.

Investment View

THL is an RV/campervan centric tourism business executing a value accretive and growth strategy. Improved return on capital in recent years has been driven by better capital deployment, a more competitive cost base, and favourable industry growth trends. While still susceptible to external tourism shocks and vehicle sales market cycles, we think the company can better manage these now than in the past. We rate THL **OUTPERFORM**.

NZX Code	THL
Share price	NZ\$3.81
Target price	NZ\$4.70
Risk rating	High
Issued shares	147.1m
Market cap	NZ\$561m
Average daily turnover	164.0k (NZ\$759k)

Share Price Performance



Financials: June	19A	20E	21E	22E
NPAT* (NZ\$m)	29.8	34.1	43.8	54.5
EPS* (NZc)	23.7	22.9	28.8	35.4
EPS growth* (%)	-23.4	-3.1	25.7	22.7
DPS (NZc)	27.0	27.0	27.0	30.1
Imputation (%)	50	50	50	50

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	6.6	5.9	5.5	5.2
EV/EBIT	12.2	10.9	9.6	8.6
PE	16.1	16.6	13.2	10.8
Price / NTA	2.1	2.1	2.1	n/a
Cash dividend yield (%)	7.1	7.1	7.1	7.9
Gross dividend yield (%)	8.5	8.5	8.5	9.4

*Historic and forecast numbers based on underlying profits

Andy Bowley

andy.bowley@forsythbarr.co.nz

+64 4 495 8246

Tourism Holdings (THL)

Priced as at 27 Aug 2019: NZ\$3.81

June year end

Forsyth Barr valuation					Valuation Ratios						
Valuation methodology					2018A 2019A 2020E 2021E 2022E						
DCF and peer comparison					EV/EBITDA (x)	6.7	6.6	5.9	5.5	5.2	
					EV/EBIT (x)	11.7	12.2	10.9	9.6	8.6	
12-month target price (NZ\$)*	4.70	Spot valuations (NZ\$)			PE (x)	12.3	16.1	16.6	13.2	10.8	
Expected share price return	23.4%	1. DCF	5.30		Price/NTA (x)	2.3	2.1	2.1	2.1	2.1	
Net dividend yield	7.1%	2. Peer comparison	3.43		Free cash flow yield (%)	-15.4	-14.4	-1.5	-8.7	-12.3	
Estimated 12-month return	30.4%	3. n/a	n/a		Net dividend yield (%)	7.1	7.1	7.1	7.1	7.9	
					Gross dividend yield (%)	9.2	8.5	8.5	8.5	9.4	
Key WACC assumptions					Imputation (%)	76	50	50	50	50	
Risk free rate	2.00%	DCF valuation summary (NZ\$m)			Pay-out ratio (%)	87	114	118	94	85	
Equity beta	1.30	Total firm value	982		Capital Structure						
WACC	10.4%	(Net debt)/cash	(202)		2018A	2019A	2020E	2021E	2022E		
Terminal growth	1.5%	Value of equity	780		Interest cover EBIT (x)	6.8	5.5	10.7	15.1	20.3	
					Interest cover EBITDA (x)	11.8	10.2	19.7	26.3	33.4	
					Net debt/ND+E (%)	44.3	42.2	24.8	20.4	17.8	
					Net debt/EBITDA (x)	1.8	1.8	0.9	0.7	0.6	
Profit and Loss Account (NZ\$m)					Key Ratios						
2018A	2019A	2020E	2021E	2022E	2018A	2019A	2020E	2021E	2022E		
Sales revenue	425.9	423.0	431.6	434.5	457.4	Return on assets (%)	11.0	10.3	12.1	13.2	14.7
Normalised EBITDA	110.9	114.8	119.5	120.2	126.1	Return on equity (%)	15.0	10.8	11.1	13.9	16.8
Depreciation and amortisation	(47.4)	(52.6)	(54.8)	(51.4)	(49.4)	Return on funds employed (%)	15.5	13.4	14.6	17.0	19.4
Normalised EBIT	63.5	62.1	64.8	68.8	76.7	EBITDA margin (%)	26.0	27.1	27.7	27.7	27.6
Net interest	(9.4)	(11.2)	(6.1)	(4.6)	(3.8)	EBIT margin (%)	14.9	14.7	15.0	15.8	16.8
Associate income	(1.0)	(11.0)	(10.8)	(2.6)	3.6	Capex to sales (%)	42.4	42.5	24.3	33.0	36.3
Tax	(15.6)	(10.1)	(13.8)	(17.8)	(22.1)	Capex to depreciation (%)	392	349	195	285	344
Minority interests	-	-	-	-	-	Operating Performance					
Normalised NPAT	37.5	29.8	34.1	43.8	54.5	2018A	2019A	2020E	2021E	2022E	
Abnormals/other	24.9	(1.9)	-	-	-	Revenue (NZ\$m)					
Reported NPAT	62.4	27.9	34.1	43.8	54.5	Rentals NZ	135.3	148.7	152.4	151.4	154.5
Normalised EPS (cps)	30.9	23.7	22.9	28.8	35.4	Tourism Group	41.8	41.4	42.3	43.5	44.8
DPS (cps)	27.0	27.0	27.0	27.0	30.1	Rentals Australia	80.2	83.5	86.1	88.4	93.1
						Rentals US	167.7	149.4	150.9	151.1	165.0
						Total	425.1	423.0	431.6	434.5	457.4
						Revenue (NZ\$m)					
						Services	273.1	292.2	300.2	299.2	307.2
						Goods	152.8	130.8	131.4	135.3	150.2
						Total	425.9	423.0	431.6	434.5	457.4
						Normalised EBIT (NZ\$m)					
						Rentals NZ	25.7	31.5	33.9	34.1	35.6
						Tourism Group	11.9	12.3	12.4	12.8	13.2
						Rentals Australia	10.6	11.3	12.9	14.8	17.6
						Rentals US	19.7	13.0	10.1	11.9	15.6
						Group support services	(4.4)	(6.0)	(4.5)	(4.8)	(5.2)
						Total	63.5	62.1	64.8	68.8	76.7
						EBIT (NZ\$m)					
						Services	43.2	48.0	51.7	55.3	61.1
						Goods	20.3	14.1	13.1	13.5	15.7
						Total	63.5	62.1	64.8	68.8	76.7
						EBIT margin (%)					
						Rentals NZ	19.0	21.2	22.3	22.5	23.1
						Tourism Group	28.5	29.6	29.3	29.3	29.3
						Rentals Australia	13.2	13.6	14.9	16.7	18.9
						Rentals US	11.8	8.7	6.7	7.9	9.4
						Total	14.9	14.7	15.0	15.8	16.8
						Currency assumptions					
						NZDAUD	0.94	0.92	0.94	0.94	0.91
						NZDUSD	0.73	0.67	0.63	0.65	0.67
Balance Sheet (NZ\$m)											
2018A	2019A	2020E	2021E	2022E							
Working capital	24.5	37.7	21.6	21.7	22.9						
Fixed assets	384.2	407.0	355.9	343.2	342.4						
Intangibles	44.6	44.2	43.1	42.0	40.9						
Other assets	59.2	57.3	57.3	57.3	57.3						
Total funds employed	512.5	546.1	477.8	464.1	463.4						
Net debt/(cash)	198.8	202.2	101.7	80.9	70.1						
Other non current liabilities	63.7	66.9	67.5	67.6	69.0						
Shareholder's funds	250.0	277.0	308.6	315.6	324.3						
Minority interests	-	-	-	-	-						
Total funding sources	512.5	546.1	477.8	464.1	463.4						

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

Result summary

FY19 was a tough year for Tourism Holdings' (THL) given the challenges in the US used vehicle sales market. Nonetheless, underlying EBIT was only -2% below the prior year, given earnings growth in New Zealand rentals, Australian rentals and the Tourism Group. New Zealand Rentals in particular had another strong year with further yield growth. Group NPAT was materially lower than the prior year given the significant investment being made in Togo, THL's tech JV with Thor (previously called TH2).

Figure 1. Result summary (NZ\$m)

	FY18	FY19	Change	Forsyth Barr
Sales revenue	425.9	423.0	-0.7%	405.2
EBITDA	110.9	114.8	3.5%	113.8
EBIT	63.5	62.1	-2.2%	60.4
Reported NPAT	62.4	27.9	-55.3%	26.1
Underlying NPAT	37.5	29.8	-20.6%	26.1
Underlying EPS (cents)	30.9	23.7	-23.4%	20.9
Final DPS (cents)	14.0	14.0	0.0%	14.0

Source: FRE, Forsyth Barr analysis

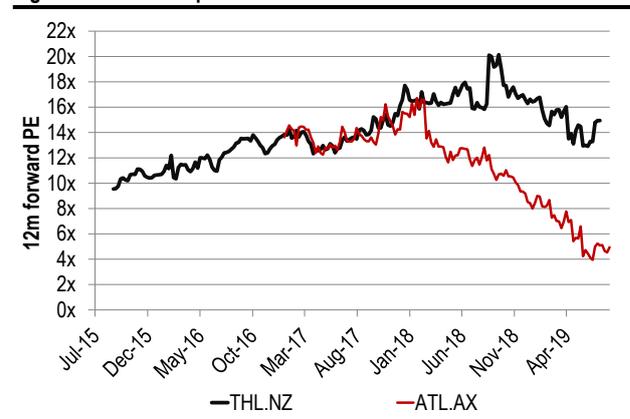
We lift our target price from NZ\$4.50 to NZ\$4.70 largely due to the change in our WACC assumption from 11.2% to 10.4%. THL now trades at a Togo-losses adjusted one year forward PE of ~11x as shown in Figure 2. This reflects good value for a growth business, with strong structural positions in its core markets, that generates pre-tax group ROFE of 12.9% (incorporating the current market woes in the US). We retain an OUTPERFORM rating.

Figure 2. Adjusting for Togo, forward PE falls to ~11x (NZ\$m)

	Forsyth Barr	FB adj Togo losses	FB adj Togo losses; Togo book valn
Share price (NZ\$)	3.80		
Shares on issue (m)	147		
Market cap	559	559	559
Togo value			(72)
Adj market cap			487
One year forward NPAT	35.6	35.6	35.6
Add Togo losses		8.4	8.4
Adj one year forward NPAT	35.6	44.0	44.0
Adj PE	15.7x	12.7x	11.1x

Source: Forsyth Barr analysis

Figure 3. THL is a superior business to ATL



Source: Eikon, Forsyth Barr analysis

Earnings revisions

We make largely immaterial adjustments to our forward earnings estimates as summarised in Figure 4. NPAT growth in FY21 and FY22 is driven predominantly by narrowing Togo losses. We assume it breaks-even in FY22.

Figure 4. Earnings revisions (NZ\$m)

	FY20E			FY21E			FY22E		
	Old	New	Chg	Old	New	Chg	Old	New	Chg
Sales revenue	416.5	431.6	3.6%	443.4	434.5	-2.0%	n/a	457.4	n/a
EBIT	64.7	64.8	0.2%	72.1	68.8	-4.6%	n/a	76.7	n/a
Reported NPAT	33.7	34.1	1.3%	44.5	43.8	-1.6%	n/a	54.5	n/a
Underlying NPAT	33.7	34.1	1.3%	44.5	43.8	-1.6%	n/a	54.5	n/a
Underlying EPS (cents)	22.8	22.9	0.7%	29.5	28.8	-2.1%	n/a	35.4	n/a
DPS (cents)	27.0	27.0	0.0%	27.0	27.0	0.0%	n/a	30.1	n/a

Source: Forsyth Barr analysis

Key result issues

(1) Forward bookings growth mitigates key FY20 risk

The forward bookings profile for both New Zealand and Australian rentals continues to be positive relative to the same period last year. Management commented that the uplift for both markets is similar and in “single digits”, reflecting growth in both the number of hire days and a small increase in yield.

We estimate that forward (and completed) bookings for Australasia represent ~40% of annual rental revenue at this stage of the annual cycle.

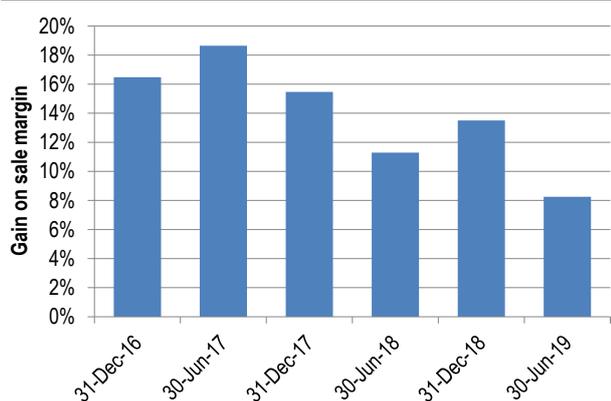
In light of the growth slowdown of inbound tourism into both New Zealand and Australia, this is pleasing and highlights favourable (i.e. sustainable) yield management through the tourism boom of 2015–2017 and that industry capacity remains rational.

(2) Vehicle sales challenges persist in the US

THL sold -34% less vehicles in the US in FY19 compared to FY18. Moreover, those vehicles sold generated a gain on sale margin down -20% against the prior year. The challenges besetting the US used (and new) RV market have been well documented and the key driver of successive earnings downgrades over the past 12 months. We have little confidence that the market will improve near term, albeit pleasingly, THL sold more vehicles in 2H19 than it did in 1H19 (THL disclosure allows us to determine that May and June 2019 sales were down just -6% against the same period in FY18), though we suspect this was in part at the expense of gain on sale margins, which deteriorated sequentially. Gain on sale margins in New Zealand and Australia appear solid given further advances in their real depreciation rates.

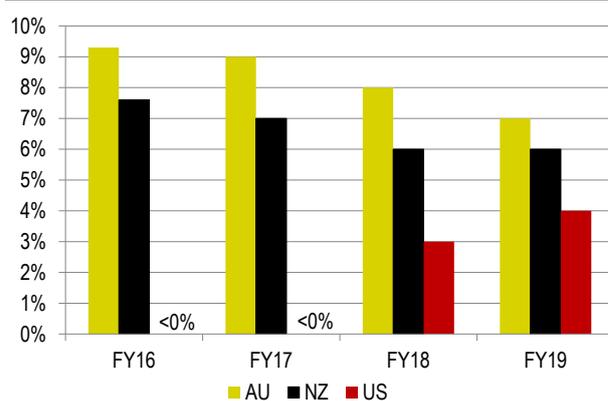
Management believes it has hit a floor in the US gain on sale margin, however, its US real depreciation rate of 4% in FY19, while the worst since THL began reporting this metric, is still superior to real depreciation rates in New Zealand (6%) and Australia (7%). This suggests to us that it would be prepared to sell vehicles in the US at even lower levels. Our estimates assume that Group gain on sales derived EBIT falls to NZ\$13.1m in FY20 from NZ\$14.1m in FY19 and NZ\$20.3m in FY18.

Figure 5. Gain on sale margins decline in recent half yearly periods



Source: THL, Forsyth Barr analysis

Figure 6. Real depreciation rates



Source: THL, Forsyth Barr analysis

(3) Balance sheet to strengthen further

We forecast year end net debt to fall from ~NZ\$200m to ~NZ\$100m through the course of FY20 driven by (1) the rights issue component of the recent capital raise, (2) the release of >NZ\$40m cash in the US given reduced fleet purchases, and (3) positive cashflow in the residual business after dividend payments. Net debt to EBITDA will, therefore, decline to ~0.9x from ~1.9x in FY17–FY19.

Lower gearing provides THL with greater scope to undertake M&A. While we do not think any deals are imminent, in contrast to the language used by the company at the FY18 result, it remains acquisitive and focussed on growth.

Result analysis

Figure 7. FY19 Result analysis (NZ\$m)

	FY18	FY19	Change	Comments
Profit and loss account				
Sales revenue	425.9	423.0	-1%	Largely driven by US vehicle sales falling -US\$44.6m
EBITDA	110.9	114.8	4%	
Depreciation and amortisation	(47.4)	(52.6)	11%	
NZ Rentals	25.7	31.5	23%	Record result in dollar terms and ROFE (19.8%)
Tourism Group	11.9	12.3	3%	Strong result from Waitomo business but Kiwi Experience more challenged
Australia Rentals	10.6	11.3	7%	Another record ROFE achievement (13.9%)
US Rentals	19.7	13.0	-34%	Primarily driven by vehicle sales volumes declining -34%
Group support services and other	(4.4)	(6.0)	37%	Includes >NZ\$1m of M&A costs that didn't eventuate
EBIT	63.5	62.1	-2%	
Associates	(0.8)	0.2	-131%	Action Manufacturing impacted by one-off costs but positioned for FY20
JV profits	(0.2)	(11.3)	n/a	Investment in Togo (NZ\$12.8m) less than management had indicated
Interest expense	(9.4)	(11.2)	19%	Due to higher debt levels across most of FY19
Profit before tax	53.1	39.9	-25%	
Taxation (incl. abnormal tax)	(15.6)	(10.1)	-35%	Effective tax rate of 30% after adjusting for one-off US tax benefit
Reported NPAT	37.5	29.8	-21%	
Non-recurring (post tax)	24.9	(1.9)	n/a	One-off US tax benefit
Underlying NPAT	62.4	27.9	-55%	Compares to guidance of NZ\$25m-NZ\$27m
Underlying EPS (cents)	30.9	23.7	-23%	125m shares on issue
Final DPS (cents)	14.0	14.0	0%	Includes DRP at -2% discount. FY20 pay-out will be assessed excluding investment in Togo
Cashflow and net debt				
Operating cashflow (pre-fleet investment)	74.2	90.9	22%	
Fleet capex	(145.5)	(178.1)	22%	Of gross capex 42% of expenditure was on core while 58% was on flex.
Fleet disposals	101.6	128.5	26%	Fleet sales proceeds were down -NZ\$24m in US business
Other capex	(2.6)	(3.9)	48%	
Other disposals	1.2	0.0	n/a	
Free cash flow	28.9	37.4	29%	
Acquisitions	(11.4)	(10.7)	n/a	
Net debt/(cash)	(198.8)	(202.2)	2%	After NZ\$50m rights issue ND/EBITDA is ~1.6x
Key statistics				
Rental/Tourism EBIT	47.6	54.0	14%	
Gain on sale	20.3	14.1	-31%	Reflects lower vehicle sales in US and reduced margin
Group support services and other	(4.4)	(6.0)	37%	>NZ\$1m incurred in relation to M&A that did not proceed
Group EBIT	63.5	62.1	-2%	
Revenue growth (local currency)				
NZ Rentals	12.5%	9.8%	n/a	Vehicle sales revenue up +8%, with 499 vehicles sold (+35 above FY18)
Tourism Group	4.7%	-0.9%	n/a	Significant fall in European backpacker arrivals impacting Kiwi Experience
Australia Rentals	9.5%	3.6%	n/a	Strong rental growth more than offset vehicle sales declining -15% to 563
US Rentals	54.5%	-18.5%	n/a	Outside of vehicle sales rental income also declined -2%
EBIT margins				
NZ Rentals	14.9%	14.7%	-22bp	
Tourism Group	19.0%	21.2%	223bp	
Australia Rentals	28.5%	29.6%	116bp	Tourism Group continues to perform well reflecting strong operating leverage
US Rentals	13.2%	13.6%	38bp	Impacted by a dealer insolvency in QLD with lost margin of A\$1m
US Rentals	11.8%	8.7%	-305bp	Primarily reflects vehicle sales shortfall

Source: THL, Forsyth Barr analysis

Investment summary

Tourism Holdings' (THL) management has executed very strongly on a clear strategic drive to enhance economic returns by reducing capital intensity, improving industry structure, and enabling technology solutions to lift performance and generate growth. As a result, earnings have increased significantly in recent years, assisted by positive tourism inflows. However, lower inbound growth and US vehicle sales market woes have challenged this backdrop. We remain confident that THL will grow earnings from its current base and see a value opportunity given recent share price weakness. **OUTPERFORM.**

Business quality

- **Market leadership:** THL is the largest RV rental player globally with the top two positions in New Zealand, Australia and the US. Economies of scale benefits exist from procurement, fleet flexibility, pick-up/drop-off locations and presence in key sales channels.
- **ROFE focus:** THL is a very return on capital focussed business. Returns have improved in recent years given a combination of market growth and company initiatives including flex-fleet.
- **Track record:** Management has a strong history of creating value through reducing capital intensity, leading consolidation to improve industry structure and a disciplined approach to earnings accretive M&A.

Earnings and cash flow outlook

- **Tourism growth:** European tourist arrivals are key drivers for motorhome rentals in Australasia and the US. Consumer confidence in origin countries, oil prices and currency movements all impact tourism inflows.
- **Togo tech opportunity:** THL's JV with Thor, Togo, provides a key value opportunity. Togo presents the biggest opportunity, in our opinion. Current earnings are depressed given heavy Togo investment levels.

Financial structure

- **Balance sheet:** Gearing levels have been improved by the recent capital raise. Some uncertainty surrounds THL's capital needs given the potential for significant M&A activity with THL's desire to expand.

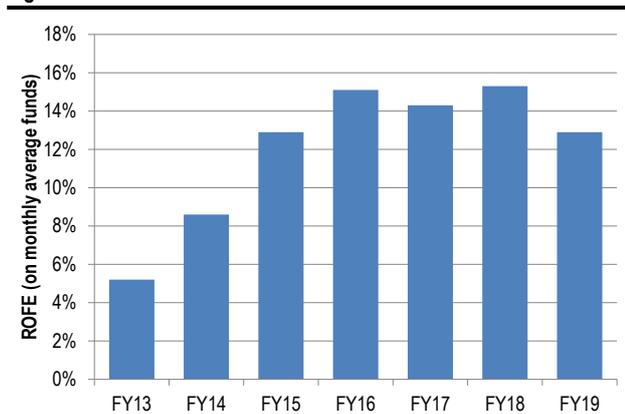
Key risks

- **Low barriers to entry:** New operators may enter the motorhome rental market attracted by improving industry returns.
- **Economic slowdown in key origin countries:** Lower economic growth in Europe, the UK and key origin countries for THL could threaten earnings.

Company description

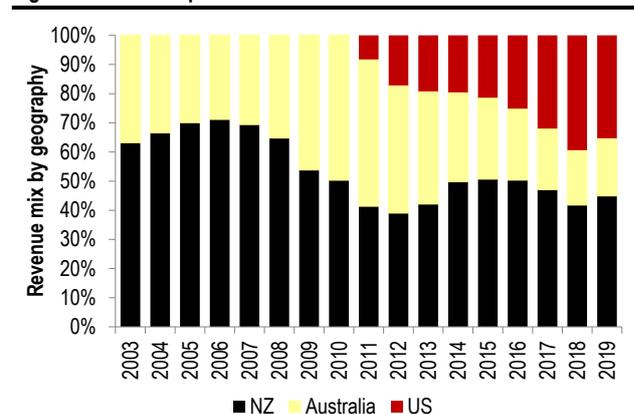
THL is the largest motorhome rentals operator globally operating under the Maui, Britz, Mighty, Road Bear and El Monte brands. It is the market leader in New Zealand, #2 in Australia and the US and also owns a 49% stake in Just Go, a UK based motorhome rentals and sales business. In NZ it has a 50% stake in Action Manufacturing which designs and builds motorhomes and parts for its NZ and Australian fleets. THL also operates leading tourism attractions and guided experiences in NZ through Kiwi Experience and Waitomo Caves.

Figure 8. ROFE



Source: THL, Forsyth Barr analysis

Figure 9. Revenue split



Source: THL, Forsyth Barr analysis

Figure 10. Substantial Shareholders

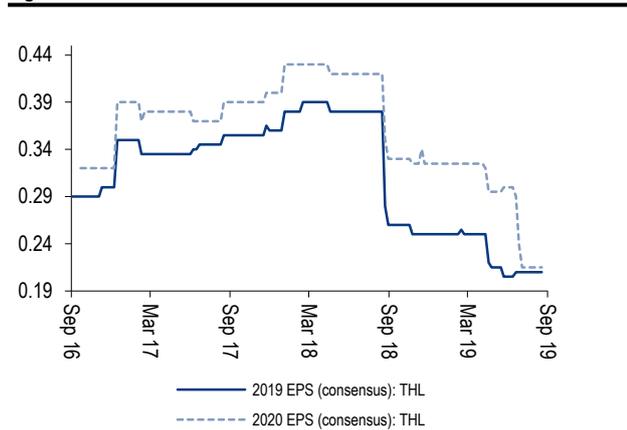
Shareholder	Latest Holding
HB Holdings	18.3%
ACC	5.4%

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

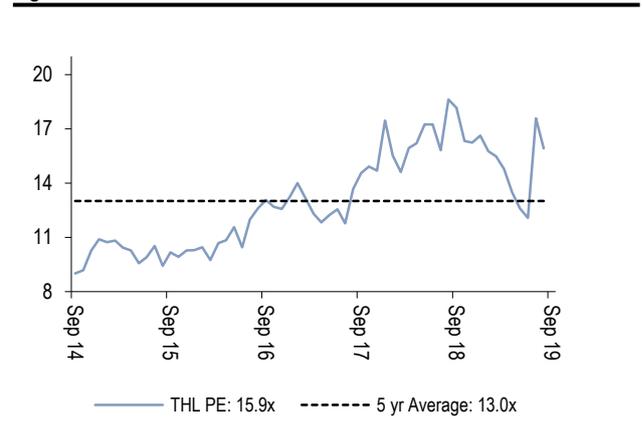
Figure 11. International Compcos

Company <i>(metrics re-weighted to reflect THL's balance date - June)</i>	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash D/Yld	
				2020E	2021E	2020E	2021E	2020E	2021E	2021E	
Tourism Holdings	THL NZ	NZ\$3.81	NZ\$561	16.6x	13.2x	6.4x	6.3x	11.8x	11.1x	7.1%	
Apollo Tourism & Leisure	ATL AT	A\$0.41	A\$75	4.8x	4.7x	4.9x	4.6x	8.7x	8.1x	9.6%	
Thor Industries Inc	THO US	US\$43.70	US\$2,406	7.2x	6.7x	6.0x	5.2x	7.6x	n/a	3.7%	
Air New Zealand *	AIR NZ	NZ\$2.80	NZ\$3,144	10.7x	9.4x	4.5x	4.2x	11.7x	10.3x	7.9%	
Qantas Airways	QAN AT	A\$5.88	A\$9,235	9.0x	8.1x	3.7x	3.6x	7.9x	7.5x	4.9%	
Flight Centre Travel Group	FLT AT	A\$46.91	A\$4,743	16.9x	15.3x	7.6x	7.0x	9.3x	8.4x	4.0%	
Ardent Leisure Group	AAD AT	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
SeaLink Travel Group	SLK AT	A\$3.62	A\$367	15.6x	13.8x	9.7x	8.9x	14.3x	12.8x	4.7%	
Avis Budget Group Inc	CAR US	US\$24.89	US\$1,891	6.0x	6.2x	22.2x	n/a	28.8x	n/a	n/a	
Hertz Global Holdings Inc	HTZ US	US\$11.90	US\$1,691	8.3x	9.3x	28.5x	n/a	<0x	n/a	n/a	
Compcvo Average:				9.8x	9.2x	10.9x	5.6x	12.6x	9.4x	5.8%	
EV = Current Market Cap + Actual Net Debt				THL Relative:	+69%	+44%	-41%	+14%	-6%	+18%	+22%

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

Figure 12. Consensus EPS Momentum


Source: Forsyth Barr analysis, Bloomberg

Figure 13. 12 Month Forward PE


Source: Forsyth Barr analysis

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. **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. Forsyth Barr confirms no inducement has been accepted from the researched entity, whether pecuniary or otherwise, in connection with making any recommendation contained in this publication. **Analyst Disclosure Statement:** In preparing this publication the analyst(s) may or may not have a threshold interest in the financial products referred to in this publication. 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. In preparing this publication, non-financial assistance (for example, access to staff or information) may have been provided by the entity being researched. **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. 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. 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. 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.