

# Trustpower

NEUTRAL

## Opex Rising—1H20 Result Review

Trustpower's (TPW) 1H20 result surprised on the downside with higher than expected operating costs a key feature. We have downgraded our FY20 EBITDAF forecast  $-\$7m$  to  $\$203m$  and trimmed our target price  $-40cps$  to  $\$7.75$ , with  $\sim 20\%$  of that due to NZAS closure risk. We are also downgrading our rating to NEUTRAL from OUTPERFORM.

### What's changed?

- **Earnings:** FY20 EBITDAF lowered  $-\$7m$  ( $-3.3\%$ ) to  $\$203m$
- **Target Price:** Reduced  $-40cps$  ( $-4.9\%$ ) to  $\$7.75$
- **Rating:** Downgraded to NEUTRAL from OUTPERFORM

### 1H20 result softer than expected

TPW's 1H20 EBITDAF was  $\$107m$ ,  $-17\%$  lower than the pcp and  $-\$11m$  lower than our forecast. Lower hydro generation (expected) and higher operating costs (unexpected) were the main factors driving the weak result. Whilst TPW continues to invest in its retail offering (particularly its telco offer), the return on that investment appears to be softening as the telco growth rate has been  $2-3k$  per quarter for much of the past three years.

TPW's fully imputed interim dividend is  $17cps$ , in line with expectations.

### IFRS 16 masks the size of underlying FY20 EBITDAF guidance downgrade

TPW has lowered its FY20 EBITDAF guidance range to between  $\$200m$  and  $\$215m$ . However, with IFRS 16 non-cash EBITDAF benefit now expected to be  $+\$4m$  higher than previously expected, the underlying downgrade (using the mid-point of the guidance range) is  $-\$11.5m$ . We have lowered our FY20 EBITDAF forecast  $-\$7m$ , with similar reductions in later years. Following the special dividends paid in FY19, debt levels have increased, with net debt/EBITDAF above  $3.0x$ . We are, therefore, a little more cautious around the future dividend, taking out the FY21  $+1cps$  dividend growth.

Our target price is down  $-40cps$  to  $\$7.75$  given the weaker outlook, as well as incorporating some NZAS closure risk. We have downgraded our rating to NEUTRAL as near-term upside is limited and the dividend yield is not compelling.

### NZAS closure risk low for TPW

NZAS closure risk is low for TPW. It has no generation volume risk, and only faces the implications of lower wholesale electricity prices, albeit it does have generation in the lower South Island.  $\sim 20\%$  of our target price reduction relates to incorporating NZAS closure risk into our valuation.

### Limited growth opportunities

TPW's limited growth opportunities are highlighted by the generation enhancements that TPW believes will add  $60GWh$  ( $+3\%$ ). It will take  $\sim 5$  years to achieve with an initial estimated cost of  $\sim \$30m$ . We estimate the IRR is  $\sim 11.5\%$ , so these are good projects, albeit it will only add  $\sim +5cps$  of value. Having limited growth opportunities is not necessarily a bad thing as TPW can focus on maximising returns to shareholders from its existing assets.

### Investment View

Our rating is NEUTRAL. TPW has limited growth opportunities, hence, it is an investment for those seeking income. We are positive on the long-term sector outlook and view TPW as offering fair value.

NZX Code	TPW
Share price	NZ\$8.01
Target price	NZ\$7.75
Risk rating	Low
Issued shares	313.0m
Market cap	NZ\$2,507m
Average daily turnover	66.5k (NZ\$466k)

### Share Price Performance



Financials: March	19A	20E	21E	22E
NPAT* (NZ\$m)	116.6	95.8	102.6	109.5
EPS* (NZc)	37.1	30.5	32.7	34.9
EPS growth* (%)	-17.3	-17.8	7.1	6.7
DPS (NZc)	74.0	34.0	34.0	35.0
Imputation (%)	55	100	100	100

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	13.7	15.4	15.1	14.4
EV/EBIT	17.3	19.1	18.7	17.7
PE	21.6	26.2	24.5	23.0
Price / NTA	2.1	2.2	2.3	n/a
Cash dividend yield (%)	9.2	4.2	4.2	4.4
Gross dividend yield (%)	11.2	5.9	5.9	6.1

\*Historic and forecast numbers based on underlying profits

### Andrew Harvey-Green

andrew.harvey-green@forsythbarr.co.nz

+64 4 495 8185

**Trustpower Ltd (TPW)**

Priced as at 07 Nov 2019: NZ\$8.01

March year end

Forsyth Barr valuation		Valuation Ratios					2018A	2019A	2020E	2021E	2022E
Valuation methodology	Blend of spot valuations, weighted to multiples					EV/EBITDA (x)	11.5	13.7	15.4	15.1	14.4
<b>12-month target price (NZ\$)*</b>	<b>7.75</b>	<b>Spot valuations (NZ\$)</b>				EV/EBIT (x)	13.9	17.3	19.1	18.7	17.7
Expected share price return	-3.2%	1. DCF	7.24		PE (x)	17.9	21.6	26.2	24.5	23.0	
Net dividend yield	4.2%	2. Market multiples	7.58		Price/NTA (x)	1.8	2.1	2.2	2.3	2.3	
Estimated 12-month return	1.0%	3. Dividend Yield	7.92		Free cash flow yield (%)	6.6	3.6	2.7	4.4	4.9	
<b>Key WACC assumptions</b>		<b>DCF valuation summary (NZ\$m)</b>				Net dividend yield (%)	4.2	4.2	4.2	4.2	4.4
Risk free rate	2.00%	Total firm value	2,939		Gross dividend yield (%)	5.9	5.2	5.9	5.9	6.1	
Equity beta	0.88	(Net debt)/cash	(634)		Imputation (%)	100	55	100	100	100	
WACC	6.6%	Value of equity	2,289		Pay-out ratio (%)	76	92	111	104	100	
Terminal growth	1.5%	Shares (m)	313		<b>Capital Structure</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	
<b>Profit and Loss Account (NZ\$m)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	Interest cover EBIT (x)	7.0	6.8	5.0	5.2	5.4
Sales revenue	979	1,030	1,000	994	994	Interest cover EBITDA (x)	7.9	7.9	5.9	6.0	6.2
<b>Normalised EBITDA</b>	<b>270</b>	<b>222</b>	<b>203</b>	<b>209</b>	<b>220</b>	Net debt/ND+E (%)	24.8	31.3	35.7	35.7	35.3
Depreciation and amortisation	(47)	(47)	(39)	(40)	(40)	Net debt/EBITDA (x)	1.7	2.5	3.2	3.1	2.9
<b>Normalised EBIT</b>	<b>223</b>	<b>175</b>	<b>164</b>	<b>169</b>	<b>179</b>	<b>Key Ratios</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net interest	(34)	(28)	(35)	(35)	(35)	Return on assets (%)	9.2	7.2	6.6	7.6	8.1
Depreciation capex adjustment	8	19	9	11	11	Return on equity (%)	9.9	9.7	8.5	9.3	9.9
Tax	(55)	(48)	(40)	(42)	(44)	Return on funds employed (%)	8.5	7.2	6.5	6.6	7.1
Minority interests	(1)	(2)	(2)	(2)	(2)	EBITDA margin (%)	27.5	21.6	20.3	21.0	22.1
<b>Normalised NPAT</b>	<b>141</b>	<b>117</b>	<b>96</b>	<b>103</b>	<b>109</b>	EBIT margin (%)	22.8	17.0	16.4	17.0	18.0
Abnormals/other/depn adj	(13)	(26)	(17)	(8)	(8)	Capex to sales (%)	4.2	3.0	3.1	2.9	2.9
<b>Reported NPAT</b>	<b>128</b>	<b>91</b>	<b>79</b>	<b>94</b>	<b>101</b>	Capex to depreciation (%)	134	98	104	97	99
Normalised EPS (cps)	44.9	37.1	30.5	32.7	34.9	<b>Divisional Revenue</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
DPS (cps)	34.0	34.0	34.0	34.0	35.0	NZ electricity revenue	810	861	828	822	814
<b>Growth Rates</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	Australia electricity revenue	33	-	-	-	-
Revenue (%)	4.2	5.2	-2.9	-0.6	0.0	Gas revenue	29	29	30	32	34
EBITDA (%)	15.0	-17.6	-8.6	3.0	5.0	Telecommunication revenue	81	88	92	96	103
EBIT (%)	19.3	-21.6	-6.5	3.6	5.8	Other revenue	27	52	50	45	44
Normalised NPAT (%)	8.5	-17.3	-17.8	7.1	6.7	<b>Total revenue</b>	<b>979</b>	<b>1,030</b>	<b>1,000</b>	<b>994</b>	<b>994</b>
Normalised EPS (%)	8.5	-17.3	-17.8	7.1	6.7	<b>Operating Statistics</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
DPS (%)	3.0	0.0	0.0	0.0	2.9	NZ generation (GWh)	2,235	1,995	1,815	1,896	1,896
<b>Cash Flow (NZ\$m)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	Australian generation (GWh)	284	-	-	-	-
EBITDA	270	222	203	209	220	<b>Total generation (GWh)</b>	<b>2,519</b>	<b>1,995</b>	<b>1,815</b>	<b>1,896</b>	<b>1,896</b>
Working capital change	25	(47)	(41)	3	9	NZ GWAP \$/MWh	88	125	118	106	86
Interest & tax paid	(64)	(75)	(83)	(73)	(76)	Mass market sales (GWh)	1,887	1,845	1,794	1,791	1,782
Other	(23)	20	20	-	-	TOU sales (GWh)	842	880	866	869	872
<b>Operating cash flow</b>	<b>208</b>	<b>120</b>	<b>99</b>	<b>140</b>	<b>152</b>	Spot sales (GWh)	1,086	1,021	1,034	1,037	1,041
Capital expenditure	(42)	(31)	(31)	(28)	(29)	<b>Total Sales (GWh)</b>	<b>3,815</b>	<b>3,746</b>	<b>3,693</b>	<b>3,696</b>	<b>3,694</b>
(Acquisitions)/divestments	118	8	-	-	-	LWAP \$/MWh	91	131	124	113	93
Other	4	(2)	-	-	-	LWAP/GWAP	1.04	1.04	1.05	1.07	1.07
<b>Funding available/(required)</b>	<b>288</b>	<b>96</b>	<b>68</b>	<b>111</b>	<b>123</b>	Electricity customers (000)	273	267	265	264	263
Dividends paid	(110)	(190)	(154)	(106)	(108)	Usage/customer (MWh)	6.9	6.8	6.7	6.8	6.8
Equity raised/(returned)	(0)	-	-	-	-	Revenue/MWh sold (\$)	212	230	224	222	220
<b>Increase/(decrease) in net debt</b>	<b>(178)</b>	<b>95</b>	<b>85</b>	<b>(5)</b>	<b>(15)</b>	Gas customers (000)	37	39	41	42	43
<b>Balance Sheet (NZ\$m)</b>	<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>	Volume/customer (GJ)	27.5	26.5	24.5	24.5	24.5
Working capital	(28)	(0)	24	24	25	Telco customers (000)	87	96	104	111	116
Fixed assets	2,102	1,925	1,913	1,899	1,884	Revenue/customer (\$)	991	963	959	968	978
Intangibles	44	37	40	43	46	<b>Total funding sources</b>	<b>2,178</b>	<b>2,076</b>	<b>2,151</b>	<b>2,136</b>	<b>2,116</b>
Other assets	60	115	173	170	161						
<b>Total funds employed</b>	<b>2,178</b>	<b>2,076</b>	<b>2,151</b>	<b>2,136</b>	<b>2,116</b>						
Net debt/(cash)	467	557	646	641	626						
Other non current liabilities	276	270	314	315	315						
Shareholder's funds	1,413	1,224	1,165	1,153	1,147						
Minority interests	22	25	25	27	28						

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

# 1H20 result analysis

Figure 1. 1H20 result summary

6 Mths Ending Sept (\$m)	1H19	1H20	Chg %	FB	Diff \$m	Commentary
Electricity	433	448	3%	454	(6)	Revenue up vs. pcp with higher wholesale price offsetting lower FPVV sales
Other	80	92	15%	84	8	
<b>Total Revenue</b>	<b>512</b>	<b>539</b>	<b>5%</b>	<b>538</b>	<b>2</b>	
Costs	(383)	(432)	13%	(420)	(12)	Higher opex in both retail and generation
<b>EBITDAF</b>	<b>130</b>	<b>107</b>	<b>-17%</b>	<b>118</b>	<b>-11</b>	
Depreciation and amortisation	(25)	(20)	-21%	(22)	2	
<b>EBIT</b>	<b>105</b>	<b>87</b>	<b>-17%</b>	<b>96</b>	<b>(8)</b>	
Fair value gains/(losses)	(1)	(12)		0	(12)	Usual fair value movements, normalised out of NPAT
One-off items	0	(2)		0	(2)	Small asset impairment, also normalised out
Net interest	(13)	(17)	27%	(15)	(2)	Higher debt levels following FY19 special dividends
<b>Pretax Profit</b>	<b>90</b>	<b>56</b>	<b>-38%</b>	<b>81</b>	<b>(25)</b>	
Tax	(25)	(17)	-32%	(23)	6	
<b>REPORTED PROFIT</b>	<b>65</b>	<b>39</b>	<b>-40%</b>	<b>58</b>	<b>(19)</b>	
Minority interests	(1)	(1)		(1)		
<b>Profit attributable to S/holders</b>	<b>64</b>	<b>38</b>	<b>-40%</b>	<b>57</b>	<b>(19)</b>	
Abnormal items	1	11		0	11	
<b>Normalised Profit</b>	<b>65</b>	<b>49</b>	<b>-25%</b>	<b>57</b>	<b>(8)</b>	
Earnings per share (cps)	20.7	15.5	-25%	18.1	(2.6)	
Dividend per share (cps)	42.0	17.0	-60%	17.0	0.0	Fully imputed dividend as expected. PCP includes a 25cps special dividend
NZ generation (GWh)	1,167	989	-15%	989	0	Below average hydro, and down on the pcp
FPVV electricity sold (GWh)	1,501	1,443	-4%	1,443	0	Lower mass market and commercial volumes

Source: TPW, Forsyth Barr analysis

TPW has reported a weaker than expected 1H20 EBITDAF result, down -17% vs. the pcp and -\$11m lower than our forecast. Key points from 1H20 are:

- Relative to the pcp, there were several reasons for the lower result.
  - Lower hydro generation volumes (-\$4.5m)
  - Higher generation opex — there was an unplanned outage at TPW's Highbank generation unit, but that only had a relatively small impact on generation opex (-\$4.6m)
  - One-off telco gain in the pcp (-\$4.5m)
  - Increased customer acquisition costs (-\$4.8m)
  - Lower ACOT & metering revenue (-\$3.4m)
- Relative to our forecast, the main areas of difference were increased costs. In particular:
  - Higher generation opex (-\$3.3m)
  - Higher telco costs (-\$2.3m)
  - Higher employee costs (-\$2.3m)
- Whilst the decline in generation EBITDAF (down -\$13.5m vs. pcp) was expected due to the weaker hydrological conditions in 1H20 vs. the pcp, the decline in retail EBITDAF (down -\$14.0m to \$13.9m) was the greater surprise.
- The continued strong performance of the telco retail segment is positive, however, TPW appears to be working harder to gain customers with an additional \$4.8m spent on customer acquisition vs. pcp and whilst TPW added +4,000 more customers (across all products) in 1H20 vs. the pcp the marginal upside appears limited. In addition, TPW continues to invest in its service and enhancing its digital capability. TPW's result highlights the competitive nature of retail and the need to continuously spend to remain competitive.
- The interim dividend of 17cps was expected. The dividend was fully imputed, with TPW indicating it expects all future dividends to be fully imputed.

## Outlook commentary

### NZAS closure risk modest for TPW

TPW has confirmed that it faces relatively limited NZAS exposure. Whilst it has generation in the lower South Island (near Dunedin) the risk of volumes being lost due to transmission constraints is small due to the size of the storage lake at Waipori. It will, however, face lower wholesale prices, which is a risk that all market participants have.

We have included an -8cps discount (20% risk weighting) to our valuation for the downside risk associated with NZAS closing.

### Generation volume growth potential a small add-on

TPW indicated it has a series of small generation enhancement projects that it is considering. The total potential upside is ~+60GWh (+3%) at a cost of ~\$30m. Our analysis indicates that this is the equivalent of building a 15MW hydro plant (45% capacity factor) at a cost of ~\$2m/MW. Given the low operating costs of hydro plant, we estimate these projects would add ~+5cps of value and have an IRR of ~11.5%.

These projects, whilst a small positive, also highlight TPW's limited ability to grow its generation base with hydro being its only generation technology. From an investor perspective it means TPW is unlikely to spend big amounts of capex, providing confidence in the dividend stream, however, earnings growth is also limited.

### FY20 EBITDAF guidance effectively lowered ~-\$11.5m

TPW has lowered its guidance range to between \$200m and \$215m (down from \$205m to \$225m). However, IFRS 16 adjustments are lifting EBITDAF ~+\$4m more than original FY20 EBITDAF guidance, hence, the underlying earnings downgrade is ~\$11.5m (at the mid-point). Given the weak 1H20 result and TPW pointing to the lower end of the guidance range when it released its 1Q20 operating statistics, the guidance downgrade is not a great surprise.

Figure 2. TPW FY20 EBITDAF guidance change

	Low \$m	Mid-point \$m	High \$m
Old EBITDAF guidance	205.0	215.0	225.0
IFRS 16 uplift	4.0	4.0	4.0
Other	(9.0)	(11.5)	(14.0)
<b>New EBITDAF guidance</b>	<b>200.0</b>	<b>207.5</b>	<b>215.0</b>

Source: TPW, Forsyth Barr analysis

### Forecast changes reflect weaker than expected 1H20 result

Following the weaker than expected 1H20 result, we have lowered our FY20 EBITDAF forecast -\$7m to \$203m, with opex a key factor. That has flowed through into our later year forecasts. We have also flattened our dividend profile slightly.

Figure 3. Summary forecast changes

	FY20			FY21			FY22		
	Old \$m	New \$m	Chg %	Old \$m	New \$m	Chg %	Old \$m	New \$m	Chg %
Revenue	1,005	1,000	-0.5%	1,023	994	-2.8%	1,023	994	-2.8%
<b>EBITDAF</b>	<b>210</b>	<b>203</b>	<b>-3.4%</b>	<b>216</b>	<b>209</b>	<b>-3.0%</b>	<b>226</b>	<b>220</b>	<b>-3.0%</b>
EBIT	166	161	-3.2%	172	169	-1.7%	183	179	-2.0%
NPAT	96	80	-16.6%	100	96	-4.0%	108	103	-4.7%
<b>Normalised Profit</b>	<b>94</b>	<b>89</b>	<b>-5.2%</b>	<b>98</b>	<b>94</b>	<b>-3.6%</b>	<b>106</b>	<b>101</b>	<b>-4.2%</b>
DPS	34.0	34.0	0.0%	35.0	34.0	-2.9%	36.0	35.0	-2.8%
Generation volumes (GWh)	1,815	1,815	0.0%	1,896	1,896	0.0%	1,896	1,896	0.0%
Electricity Wholesale Price (\$/MWh)	\$107.6	\$122.5	13.9%	\$88.1	\$92.2	4.6%	\$91.2	\$89.1	-2.3%
Retail sales (GWh)	2,660	2,660	0.0%	2,659	2,659	0.0%	2,653	2,653	0.0%

Source: Forsyth Barr analysis

## Investment summary

Our rating is **NEUTRAL**. Trustpower (TPW) has limited growth opportunities, hence, it is an investment for those seeking income. We are positive on the long-term sector outlook and view TPW as offering fair value.

### Business quality

- **Low risk, modest growth industry:** Electricity demand is relatively inelastic and is expected to grow slowly in the future. The industry is well positioned to benefit from New Zealand decarbonising transport and industrial processes.
- **Diversified generation position:** Most of the value within the electricity sector lies within the generation assets. TPW has several small scale hydro generators positioned around New Zealand, creating hydro diversification.
- **Track record:** TPW has focussed on developing a bundled retail strategy, offering telco products alongside its energy products. Whilst retail earnings growth is modest, TPW is reducing churn and the telco product is driving most of its retail earnings growth.

### Earnings and cash flow outlook

- **Earnings growth modest and linked to margin growth:** TPW's future earnings growth is modest as it has no large-scale development projects planned in the near-term.
- **Operating cash flow strong but growth likely to be slow:** TPW has a strong track record of returning surplus cash to shareholders. Whilst there is unlikely to be strong ordinary dividend growth, we expect TPW to continue to pay fully imputed dividends.

### Company description

TPW is the smallest of the major electricity generator / retailers. It retails electricity to ~270,000 customers, gas to ~38,000 customers and telecommunication services to ~91,000 customers. TPW's bundled retail offering is unique amongst the large electricity retailers. TPW owns 36 small to medium sized hydro generation schemes, spread across both the North and South Island. TPW also owns 80% of generator King Country Energy (KCE).

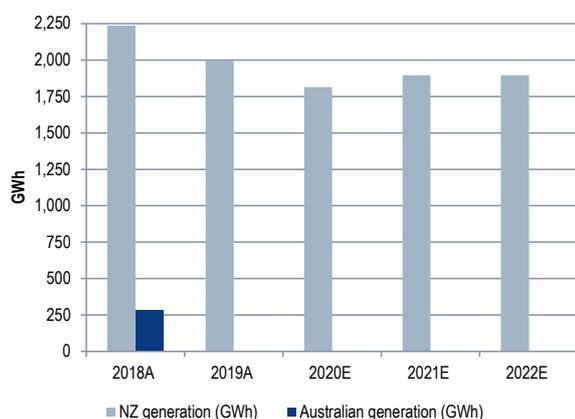
### Financial structure

- **Balance sheet:** Following two substantial special dividends paid in FY19, balance sheet headroom is limited, although in our view the balance sheet is not stretched. TPW has no near-term material investments planned.

### Key risks

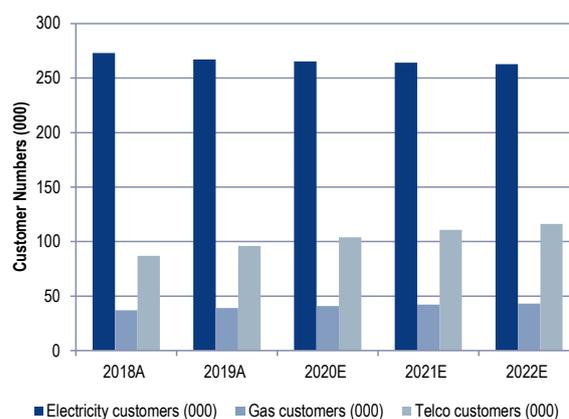
- **NZAS risk:** NZAS has indicated it is undertaking a strategic review, raising the possibility it may close. In our view, the smelter is unlikely to close (less than 10% chance) and TPW will be among the least affected if it does.
- **Rising bond yields:** In recent years TPW has traded in line with bond yields. A lift in interest rates is likely to see TPW trade lower, although in our view interest rates are likely to remain low for the foreseeable future.

Figure 4. Generation volumes



Source: Forsyth Barr analysis

Figure 5. Retail customer numbers



Source: Forsyth Barr analysis

**Figure 6. Substantial Shareholders**

Shareholder	Latest Holding
Infratil	51.0%
TECT Holdings	26.8%

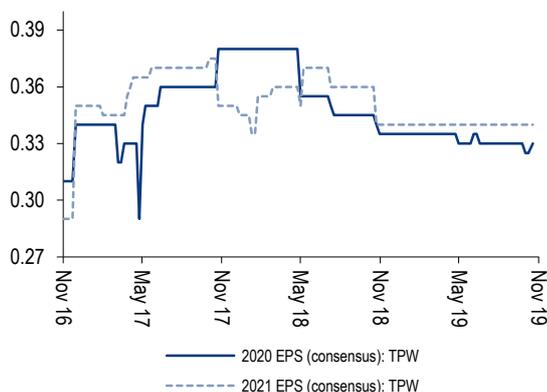
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

**Figure 7. International Compcos**

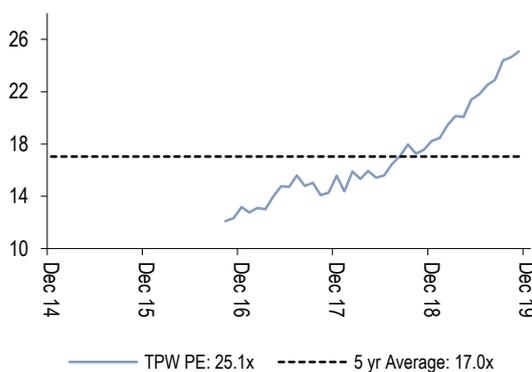
Company <i>(metrics re-weighted to reflect TPW's balance date - March)</i>	Code	Price	Mkt Cap (m)	PE		EV/EBITDA		EV/EBIT		Cash D/Yld
				2020E	2021E	2020E	2021E	2020E	2021E	
<b>Trustpower</b>	<b>TPW NZ</b>	<b>NZ\$8.01</b>	<b>NZ\$2,507</b>	<b>26.2x</b>	<b>24.5x</b>	<b>15.1x</b>	<b>14.6x</b>	<b>18.7x</b>	<b>18.1x</b>	<b>4.2%</b>
Contact Energy *	CEN NZ	NZ\$7.33	NZ\$5,261	20.5x	20.5x	13.0x	13.0x	22.6x	22.4x	5.4%
Genesis Energy *	GNE NZ	NZ\$3.16	NZ\$3,248	20.6x	17.5x	12.2x	11.2x	28.2x	24.1x	5.6%
Meridian Energy *	MEL NZ	NZ\$4.60	NZ\$11,790	24.7x	26.9x	16.1x	17.2x	25.4x	28.6x	4.7%
Mercury *	MCY NZ	NZ\$4.79	NZ\$6,525	26.5x	24.4x	14.8x	14.6x	24.4x	23.9x	3.4%
AGL Energy	AGL AT	A\$19.63	A\$12,741	14.9x	15.1x	7.4x	7.3x	11.1x	11.4x	5.0%
ERM Power	EPW AT	A\$2.41	A\$603	10.3x	15.1x	6.1x	6.8x	8.5x	9.6x	4.3%
Origin Energy	ORG AT	A\$8.08	A\$14,231	13.3x	13.3x	8.5x	6.2x	17.1x	15.0x	4.4%
<b>Compcos Average:</b>				<b>18.7x</b>	<b>19.0x</b>	<b>11.2x</b>	<b>10.9x</b>	<b>19.6x</b>	<b>19.3x</b>	<b>4.7%</b>
<b>TPW Relative:</b>				<b>+41%</b>	<b>+29%</b>	<b>+35%</b>	<b>+34%</b>	<b>-5%</b>	<b>-6%</b>	<b>-9%</b>

EV = Current Market Cap + Actual Net Debt

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

**Figure 8. Consensus EPS Momentum**


Source: Forsyth Barr analysis, Bloomberg

**Figure 9. 12 Month Forward PE**


Source: Forsyth Barr analysis

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