FORSYTH BARR

NEW ZEALAND EQUITY RESEARCH | RETAIL | OUTDOOR APPAREL & EQUIPMENT
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Kathmandu Holdings
Treading New Tracks; Reinstate at OUTPERFORM

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OUTPERFORM

Kathmandu (KMD) has begun to reopen its store doors as its trading markets look to exit lockdowns and consumer activity begins to return; KMD offers attractive risk reward in our view and we reinstate with an OUTPERFORM rating. The KMD share price experienced a significant sell off as a result of COVID-19 related disruption, and although we expect the near term earnings hit to be material, we are attracted to 1) KMD's strong management team and track record of execution, 2) its bolstered balance sheet strength, and 3) its well recognised adventure brands, which are backed by a loyal customer base, and 4) trading at a two year forward PE multiple of 8x, valuation is undemanding in our opinion. We reinstate coverage with an NZ $1.20 target price.

NZX Code	KMD
Share price	NZ$0.86
Target price	NZ$1.20
Risk rating	High
Issued shares	649.2m
Market cap	NZ$558m
Avg daily turnover	851.4k (NZ$1,076k)

Financials: Jul/	19A	20E	21E	22E
NPAT* (NZ$m)	56.8	6.8	36.9	71.4
EPS* (NZc)	17.6	1.0	5.7	11.0
EPS growth* (%)	4.8	-94.0	n/a	93.6
DPS (NZc)	16.0	0.0	3.0	7.0
Imputation (%)	100	100	100	100

*Based on normalised profits

Valuation (x)	19A	20E	21E	22E
EV/EBITDA	5.9	19.3	7.1	4.5
EV/EBIT	6.9	n/a	10.5	5.8
PE	4.9	n/a	15.1	7.8
Price / NTA	5.0	4.1	3.6	3.1
Cash div yld (%)	18.6	0.0	3.5	8.1
Gross div yld (%)	25.8	0.0	4.8	11.3

Online sales surge; store doors starting to reopen

KMD's online sales surged during lockdown, providing some offset to store closures. Online sales were up +2.5x to +3.0x on prior year levels through April, which we estimate reflects effective online penetration of ~25%. Australia saw the biggest online increases, in part driven by a longer period of the channel being open (New Zealand was limited to 'essential' items during Alert Level 4). As Governments look to ease lockdown restrictions, KMD is beginning to open stores, with most stores in New South Wales and Queensland now operating. We expect store traffic to remain subdued for an extended period, with social distancing policies limiting operating capacity. Insight into early trading in Australia and China suggests that although traffic is significantly below pre COVID-19 levels, sales conversion rates are higher, providing some offset.

Outlook uncertain but early signs positive for KMD

The near-term outlook remains opaque, and retail sector earnings headwinds exist from subdued consumer activity post lockdown and a bleak economic backdrop. However, we view KMD as well positioned as consumer activity resumes given 1) recent data points to positive buying intentions in the outdoor goods category, 2) the proposition of a Trans-Tasman bubble is supportive of an adventure tourism led lift, and 3) KMD has a strong loyalty scheme through which to drive targeted customer interactions and activity.

Balance sheet robust; risks reduced with recent capital raise

KMD's balance sheet is in a solid position following the completion of an NZ$207m capital raise, providing liquidity for the next 12-months. The company has successfully negotiated waivers to covenant breach clauses within its banking group through to January 2021, and a relaxation of certain covenants for the period to July 2021. We currently expect net debt to EBITDA to peak in FY20 at 2.3x.

Kathmandu (KMD)

Priced as at 06 May 2020 (NZ$)	**0.86**

12-month target price (NZ$)*	**1.20**
Expected share price return	39.5%
Net dividend yield	2.9%
Estimated 12-month return	42.4%

Spot valuations (NZ$)	
1. DCF	1.33
2. Sum of the parts	0.95
3. n/a	n/a

Key WACC assumptions	
Risk free rate	2.00%
Equity beta	1.16
WACC	10.4%
Terminal growth	1.5%

DCF valuation summary (NZ$m)	
Total firm value	934
(Net debt)/cash	(73)
Less: Capitalised operating leases	
Value of equity	861

Profit and Loss Account (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Sales revenue	497.4	545.6	687.4	902.7	986.5
Normalised EBITDA	**89.8**	**99.6**	**31.4**	**88.3**	**138.8**
Depreciation and amortisation	(15.0)	(15.3)	(24.3)	(28.4)	(29.5)
Normalised EBIT	**74.8**	**84.3**	**7.1**	**59.9**	**109.3**
Net interest	(1.1)	(2.9)	(4.3)	(6.8)	(6.5)
Associate income	0	0	0	0	0
Tax	(23.1)	(23.7)	(6.1)	(16.2)	(31.3)
Minority interests	0	0	0	0	0
Normalised NPAT	**50.7**	**56.8**	**6.8**	**36.9**	**71.4**
Abnormals/other	0	0.8	(10.1)	0	0
Reported NPAT	**50.7**	**57.6**	**(3.3)**	**36.9**	**71.4**
Normalised EPS (cps)	16.7	17.6	1.0	5.7	11.0
DPS (cps)	15.0	16.0	0	3.0	7.0

Valuation Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EV/EBITDA (x)	6.4	5.9	19.3	7.1	4.5
EV/EBIT (x)	7.7	6.9	85.2	10.5	5.8
PE (x)	5.1	4.9	82.3	15.1	7.8
Price/NTA (x)	8.7	5.0	4.1	3.6	3.1
Free cash flow yield (%)	10.6	8.2	6.4	3.7	11.5
Net dividend yield (%)	17.4	18.6	0.0	3.5	8.1
Gross dividend yield (%)	24.2	25.8	0.0	4.8	11.3

Capital Structure	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Interest cover EBIT (x)	70.6	28.9	1.7	8.8	16.7
Interest cover EBITDA (x)	84.8	34.2	7.4	12.9	21.3
Net debt/ND+E (%)	6.9	4.2	9.1	8.8	6.4
Net debt/EBITDA (x)	0.3	0.2	2.3	0.8	0.4

Growth Rates	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Revenue (%)	11.7	9.7	26.0	31.3	9.3
EBITDA (%)	26.7	10.9	-68.5	>100	57.2
EBIT (%)	31.2	12.7	-91.6	>100	82.5
Normalised NPAT (%)	33.2	12.2	-88.1	>100	93.6
Normalised EPS (%)	28.4	4.8	-94.0	>100	93.6
Ordinary DPS (%)	15.4	6.7	-100.0	n/a	>100

Key Ratios	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Return on assets (%)	12.2	14.2	0.6	5.0	9.1
Return on equity (%)	12.1	13.0	-0.4	4.9	9.2
Return on funds employed (%)	13.3	12.9	0.8	5.2	9.3
EBITDA margin (%)	18.0	18.2	4.6	9.8	14.1
EBIT margin (%)	15.0	15.4	1.0	6.6	11.1
Capex to sales (%)	3.4	2.9	3.5	3.2	3.4
Capex to depreciation (%)	112	103	100	100	114
Imputation (%)	100	100	100	100	100
Pay-out ratio (%)	90	91	0	53	64

Cash Flow (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
EBITDA	**89.8**	**99.6**	**31.4**	**88.3**	**138.8**
Working capital change	6.4	(8.8)	38.8	(16.4)	(3.3)
Interest & tax paid	(20.6)	(29.1)	(10.4)	(23.0)	(37.9)
Other	0	0	0	0	0
Operating cash flow	**75.6**	**61.7**	**59.8**	**48.9**	**97.7**
Capital expenditure	(16.7)	(15.7)	(24.3)	(28.4)	(33.7)
(Acquisitions)/divestments	(82.7)	(22.3)	(368.0)	0	0
Other	(22.2)	22.3	7.0	0	0
Funding available/(required)	**(46.0)**	**46.0**	**(325.5)**	**20.4**	**64.0**
Dividends paid	(27.2)	(33.9)	0	(19.5)	(45.4)
Equity raised/(returned)	48.7	0	384.0	0	0
(Increase)/decrease in net debt	**(24.5)**	**12.1**	**58.5**	**1.0**	**18.6**

Operating Performance	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Divisional sales (NZ$m)					
New Zealand	143.0	138.6	108.6	124.0	137.9
Australia	333.7	338.7	266.8	297.3	331.6
International (incl Oboz)	20.8	68.3	57.6	61.7	67.8
Rip Curl	0	0	254.4	419.8	449.1
Total store sales	**497.4**	**545.6**	**687.4**	**902.7**	**986.5**
Divisional EBITDA (NZ$m)					
New Zealand	35.2	33.9	14.8	23.5	31.3
Australia	57.7	59.5	15.0	35.6	58.6
International (incl Oboz)	1.9	9.1	6.6	8.7	9.6
Rip Curl	0	0	(1.7)	24.1	42.9
Unallocated	(5.0)	(3.0)	(3.3)	(3.4)	(3.6)
Total EBITDA	**89.8**	**99.6**	**31.4**	**88.3**	**138.8**
Divisional EBITDA margin					
New Zealand	25%	24%	14%	19%	23%
Australia	17%	18%	6%	12%	18%
International (incl Oboz)	9%	13%	11%	14%	14%
Rip Curl	n/a	n/a	-1%	6%	10%
Total store sales	**18%**	**18%**	**5%**	**10%**	**14%**

Balance Sheet (NZ$m)	**2018A**	**2019A**	**2020E**	**2021E**	**2022E**
Working capital	52.6	62.4	151.9	168.4	171.6
Fixed assets	63.5	60.3	106.7	106.7	110.8
Intangibles	390.3	386.1	595.8	595.8	595.8
Right of use asset	0	0	0	0	0
Other assets	27.3	5.0	31.5	31.5	31.5
Total funds employed	**533.7**	**513.8**	**885.8**	**902.2**	**909.7**
Net debt/(cash)	31.4	19.3	73.0	72.0	53.5
Lease liability	0	0	0	0	0
Other liabilities	82.0	52.4	80.2	80.2	80.2
Shareholder's funds	420.4	442.1	732.6	750.0	776.0
Minority interests	0	0	0	0	0
Total funding sources	**533.7**	**513.8**	**885.8**	**902.2**	**909.7**

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

A mountain to climb

We reinstate with an OUTPERFORM rating on KMD and an NZ$1.20 target price post a period of restriction.

KMD has experienced a material sell off as a result of COVID-19 related disruption and reflective of the significant level of uncertainty surrounding the near and medium term outlook for the retail sector. Whilst possible earnings headwinds exist from subdued consumer activity post lockdown and a bleak economic backdrop, we view the current share price as more than reflecting those risks. As countries exit lockdown and consumer activity begins to return, we view KMD as offering attractive risk reward, and are attracted to 1) its strong management team and track record of execution, particularly around inventory management, 2) its bolstered balance sheet strength, and 3) its well recognised adventure brands, which are backed by a loyal customer base.

We note that the outlook for KMD and the retail sector is opaque, with a high degree of uncertainty and therefore risk, and highlight the high risk rating we attach to KMD.

Earnings changes

We have made significant downward revisions to our earnings forecasts, reflecting the impact of temporary store closures and the uncertain economic outlook as a result of COVID-19. Key assumptions include:

- Five plus weeks of store closures
  - Exact sales impact differs by market, depending on the length/expected length of store closures and the degree of openness of its online channel
- Sales at ~80% of normal levels for a period of 16 weeks following the reopening of store doors (an Alert Level 2 situation), driven by a mixture of Government mandated limitations in store and expectations of cautious consumer behaviour
- Increased variability in the cost base in the short-term, enabled in part by Government wage subsidies and rent relief
- Lower gross margin assumptions in FY20E and FY21E, with elevated discounting activity expected as the sector looks to clear inventory and FX driven cost headwinds

KMD has suspended its dividend, and given the level of uncertainty in the near-term outlook, we do not expect KMD to pay a dividend until 2H21. In addition to our underlying earnings changes, changes to EPS and DPS reflect the per share impact of additional shares issued following the completion of an equity raise.

Figure 1. Earnings changes (NZ$m)

		FY20E			FY21E			FY22E	
	Old*	New	% chg	Old*	New	% chg	Old*	New	% chg
Sales	891.9	687.4	-22.9%	1,086.5	902.7	-16.9%	1,118.3	986.5	-11.8%
EBIT	115.0	7.1	-93.8%	140.7	59.9	-57.4%	146.4	109.3	-25.4%
Normalised NPAT	77.0	6.8	-91.2%	89.9	36.9	-59.0%	95.2	71.4	-25.0%
Underlying EPS (cps)	27.1	1.0	-96.1%	31.6	5.7	-82.0%	33.5	11.0	-67.1%
DPS (cps)	17.0	-	-100.0%	19.0	3.0	-84.2%	21.0	7.0	-66.7%

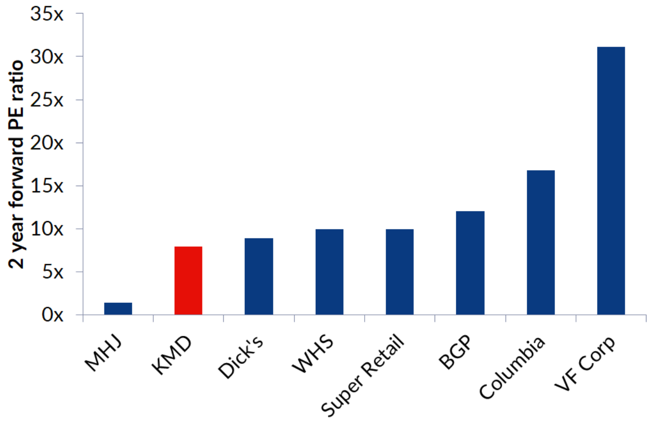
Source: Forsyth Barr analysis, *our old estimates reflect our most recent published numbers dated 10 February 2020, prior to COVID-19 and capital raise

Valuation appears attractive

We reinstate coverage with a target price of NZ$1.20. Our DCF is materially lower (-57%) than our last published DCF (10 February) reflecting the significant change in operating conditions as a result of COVID-19 related disruption, in addition to the dilution effect of the equity raise.

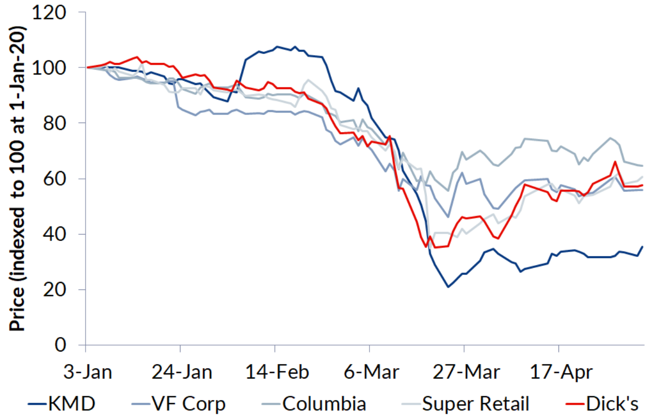
We view KMD's current forward trading multiples (two year forward PE of 8x) as undemanding and attractive relative to peers. In addition, KMD's share price has lagged sporting/outdoor retail peers in recent weeks (Figure 3)

Figure 2. Consensus forward PE ratio



Source: Forsyth Barr analysis

Figure 3. 2020 share price performance



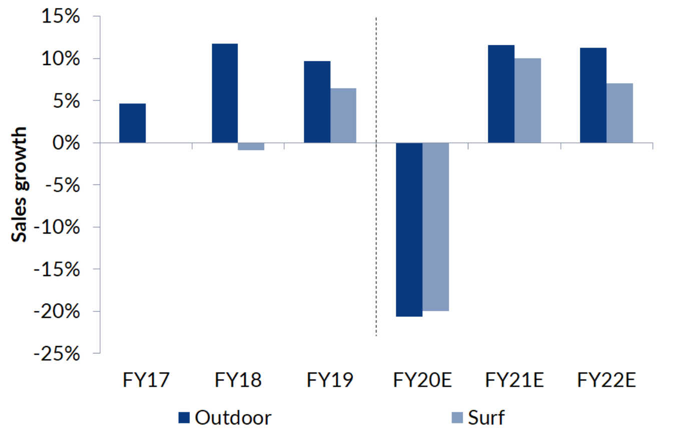
Source: Forsyth Barr analysis

Assessing the impact

KMD will experience significantly lower sales in FY20E than the prior year period (on a like for like basis), having experienced temporary store closures across all of its major trading markets. Although we expect to see a bounce in sales into FY22, we do not forecast a V shaped recovery with the expectation that sales remain subdued amid COVID-19 related caution and against a weaker economic backdrop.

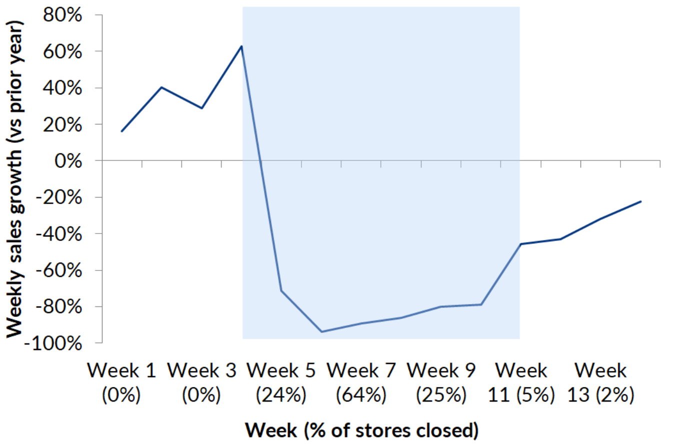
Each market faces its own unique set of circumstances in regards to COVID-19 with varying degrees of lockdowns and online channel restrictions. We expect Government and consumer responses will remain varied across markets, although see potential for New Zealand and Australia to be better positioned in initial post lockdown weeks given the relative success of virus management in both countries.

Figure 4. KMD sales growth forecasts



Source: Company reports, Forsyth Barr analysis

Figure 5. H&M weekly sales in China



Source: Forsyth Barr analysis

Limited insight into post-lockdown behaviour

A key question for the retail sector is how will the consumer behave as lockdowns are lifted.

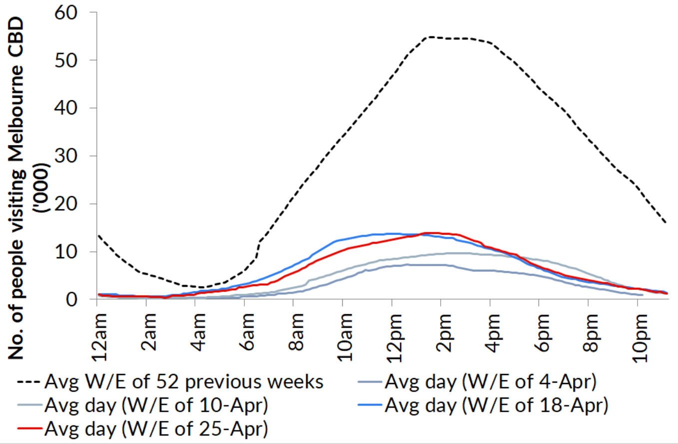
- China is one of the few markets where restrictions have eased. Two companies of relevance to KMD, VF Corp (owners of North Face) and Columbia, highlighted in recent releases to the market that although stores have largely re-opened in China traffic remains at subdued levels. Figure 5 illustrates the weekly sales impact for global retailer H&M, heading into and exiting lockdown in China.
  - VF Corp: "While retail store traffic has steadily improved over the past month, it remains down significantly compared with the prior year"
  - Columbia: "Retail traffic trends have been improving but remain well below pre-pandemic levels"
- Stores in Australia have steadily begun opening over the past week. In the week ended 3 May, total retail sales across Australia were up +44% on the prior week but remain down -60% on the prior year week.
- Higher sales conversion rates expected. Although foot traffic is likely to be subdued for an extended period, we expect conversion rates to be higher with those venturing out likely to be more motivated.

Surge in online providing some offset to bricks and mortar

The online channel has provided some degree of offset through lockdowns, with online sales surging, albeit off a relatively low base. KMD online penetration pre COVID-19 is ~10% of sales, however, with bricks and mortar closed online channel demand lifted +2.5x to +3.0x times higher than the same period last year. Online penetration has likely accelerated as a result of COVID-19 and whilst expected to slow as stores reopen, may result in enduring changes to consumer behaviour, particularly with new adopters.

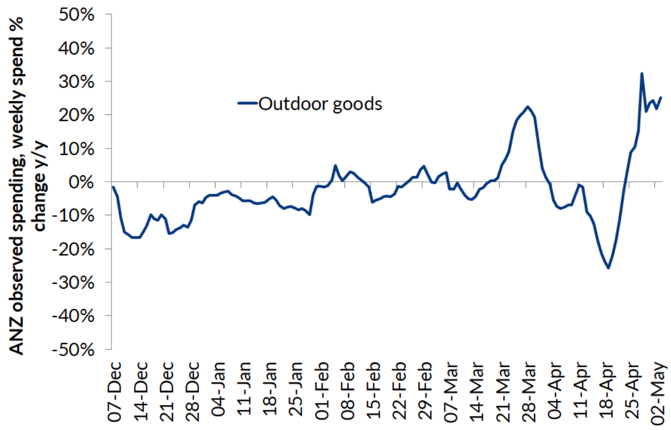
However, the strength in online varies by market, with more limited online concessions in New Zealand. Through the bulk of Alert Level 4, only the sale of 'essential' items was permitted, which in KMD's case 'essential' represented about half of its product base.

Figure 6. Melbourne weekend traffic lifting



Source: ANZ, Forsyth Barr analysis

Figure 7. A longing for the fresh air?



Source: ANZ, Forsyth Barr analysis

Becoming more adventurous, favourable category drivers

After weeks of home confinement, ANZ data suggests consumers may be longing for the outdoors and adventure retail. In the last two weeks of April, Australian weekly spending on outdoor goods increased +20% to +40% on the prior year period.

Further support for the outdoor retail category is the possibility of a Trans-Tasman bubble. An aspect of KMD's revenue is linked to tourism spend, namely packs and accessories but also overseas travel to winter destinations. We expect elevated domestic and Trans-Tasman tourism, which is typically adventure tourism, to provide some offset to the decline in the global tourism market.

Backed by strong loyalty scheme

A key driver of Kathmandu brand sales is its strong loyalty offering. Summit Club, with over 2m active members, representing ~75% of brand sales, is likely to be a powerful tool for driving store traffic recovery through more targeted offerings. It is also an important digital touch point.

Cost base addressed

KMD has aggressively reviewed its cost base, which is expected to provide immediate albeit short-term operating cost relief as well as fundamental changes to the business, including some rightsizing of operations in certain markets.

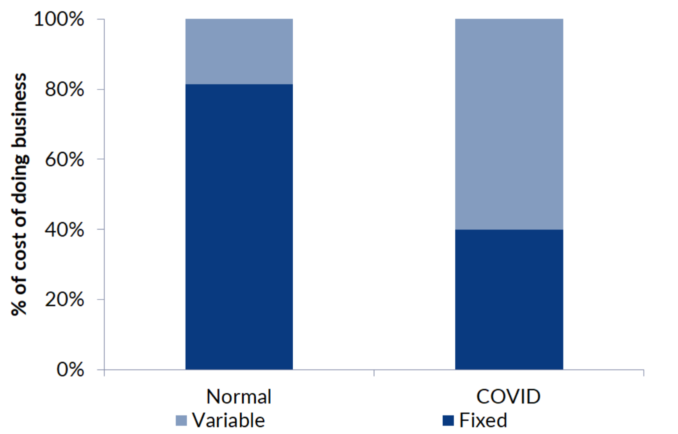
In addition, all planned capex has been deferred or cancelled, and inventory orders have been cancelled in an attempt to manage cash flow and address the significantly weaker near-term demand outlook.

Additional variability in the cost base during peak disruption

Under normal conditions we estimate KMD's cost of doing business is ~80% fixed, however, a mixture of Government and landlord support allows this to drop to ~30% fixed, at least during peak disruption.

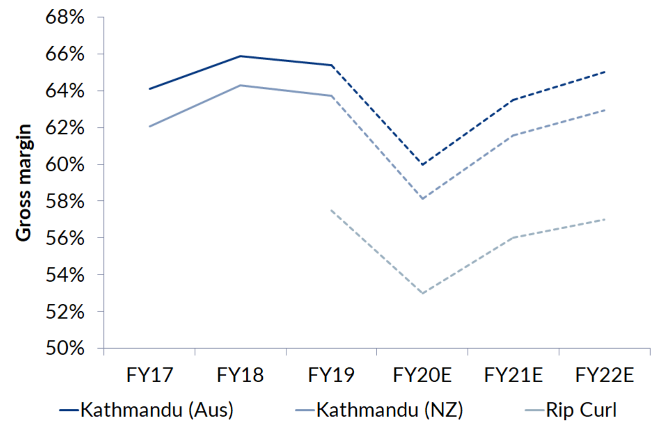
- Wage costs — Staff across all markets were stood down (or another equivalent), with wage costs supported by Government packages. In New Zealand KMD received NZ$3.6m from the wage subsidy.
- Lease costs — KMD has engaged in discussions with landlords around rent relief options. Anecdotal industry feedback suggests rent relief of ~50% is available during the period of peak disruption, with varying degrees available for the period thereafter.
  - Although we do not expect any material change to KMD's store footprint we suspect other retailers will look to close stores. We expect this may create an opportunity for retailers to pursue lease terms more aligned to sales.

Figure 8. Additional variability in cost base



Source: Company reports, Forsyth Barr analysis

Figure 9. Gross margin forecasts



Source: Company forecasts, Forsyth Barr analysis

Corporate cost out accelerated

KMD highlighted head office cost out, expected to generate annualised savings of ~NZ$15m. An element of this is accelerated head office synergies from the Rip Curl acquisition. Further deal synergies exist, namely through supply chain efficiencies, although we expect these will take time to realise.

Gross margin to be suppressed

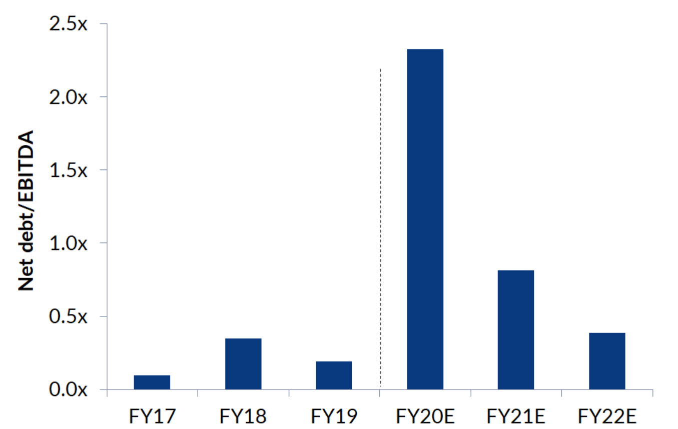
We expect gross margin to be under significant pressure in FY20E, and have lowered our gross margin by ~-500bp. Store closures have led to a build up in inventory across the sector, with elevated discounting activity expected as doors reopen in order to clear stock. KMD's core stock is of a technical nature with little exposure to fashion trends and hence longer shelf life versus fashion apparel. Whilst this may insulate it to some extent, we expect a higher clearance mix to weigh on margins in 2H20. In addition to discounting activity, FX headwinds will also dampen gross margin. With hedging in place, we expect this to be captured in FY21E.

Balance sheet bolstered; risk removed with recent capital raise

KMD's balance sheet is in a solid position following the completion of an NZ$207m capital raise, providing liquidity for the next 12-months. The company has successfully negotiated waivers to covenant breach clauses within its banking group through to January 2021, and a relaxation of certain covenants for the period to July 2021.

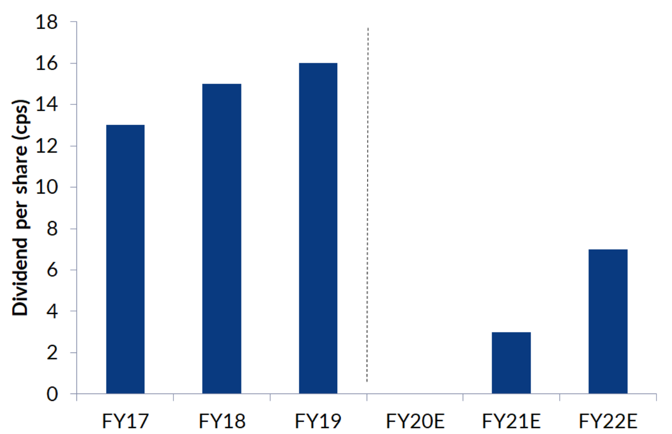
KMD suspended dividend payments and we do not expect any dividends to be paid until 2H21. In addition, the company has deferred or cancelled all non-essential capex and we have trimmed all store roll out assumptions with no expected change to footprint in the near-term. Following COVID-19, we expect the growth focus to return to the wholesale opportunity for the Kathmandu brand in international markets.

Figure 10. Net debt/EBITDA



Source: Companyh reports, Forsyth Barr analysis

Figure 11. Dividend profile



Source: Forsyth Barr analysis

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Investment Summary

Kathmandu Holdings (KMD) has a strong brand, market leading position and its vertically integrated model is a key strength. The key area of optionality is KMD's international expansion strategy, with Oboz and Rip Curl expected to help accelerate this pathway. As consumer activity resumes post COVID-19, we view KMD as offering attractive risk reward, and are attracted to 1) its strong management team and track record of execution, particularly around inventory management, 2) its bolstered balance sheet strength, and 3) its well recognised adventure brands, which are backed by a loyal customer base. OUTPERFORM

Business quality

- **Strong base:** KMD has a strong brand, vertically integrated model, valuable loyalty database and a market leading position. Continued investment in IT will also support growth and working capital management.
- **Management:** Execution over the last three years has been strong, with the company delivering a turnaround in its profit trajectory.
- **Briscoe Groups stake:** BGP's full takeover offer in 2015 was unsuccessful; however, it maintains a 6.7% stake.

Earnings and cashflow outlook

- **Store rollout:** The long-term target Australasian store footprint is 180, up from its current 167 stores (119 Australia: 48 NZ).
- **International expansion strategy:** This is the key avenue of optionality for growth with its capital light wholesale model. Oboz and Rip Curl provide platforms in international markets.
- **Oboz and Rip Curl acquisitions:** The strategy is to leverage the companies wholesale relationships in the US and European markets while also providing product and market diversity.
- **NZDUSD and hedging:** Given the competitive retail backdrop and price conscious consumer, we don't expect retailers to be able to pass on the full impact of unfavourable FX movements.

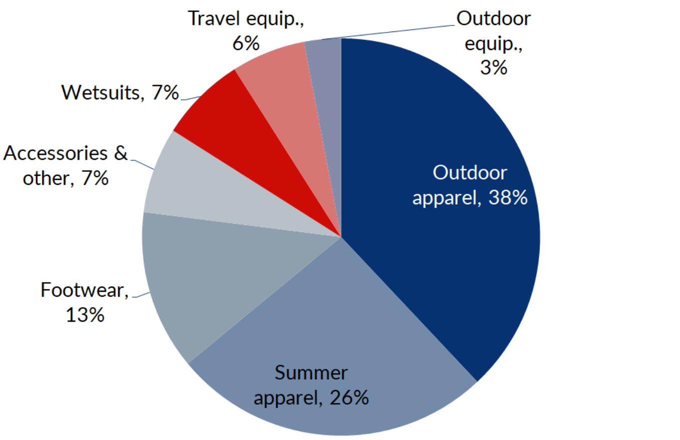
Financial structure

- **Gearing:** KMD materially increased its debt profile following the acquisition of Rip Curl. Facing an uncertain operating backdrop amid COVID-19 related disruption, KMD has recently completed a capital raise to pay off debt and provide additional liquidity.

Risk factors

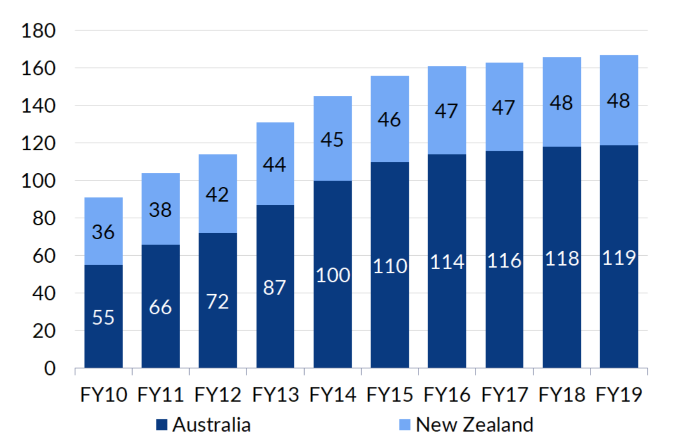
- **Earnings predictability:** A risk given the high seasonality and lumpy nature of earnings which are weighted to its winter sale. Rip Curl acquisition reduces singular season risk.
- **Consumer sentiment and cost inflation:** Deterioration in economic conditions. Cost inflation, particularly rising wages and rent.

Figure 12. FY19 pro forma revenue breakdown (incl. Rip Curl)



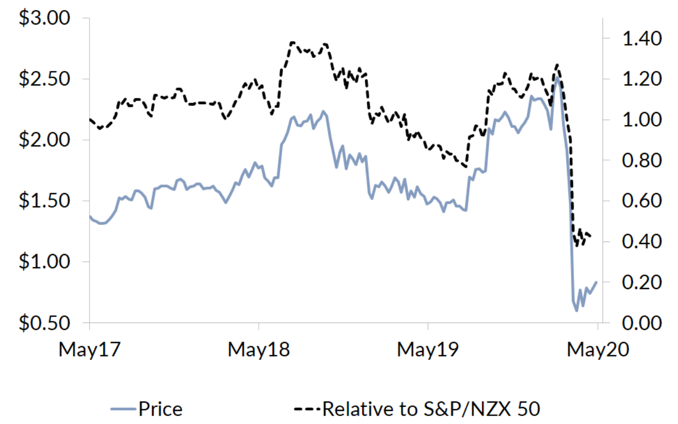
Source: Company reports, Forsyth Barr analysis

Figure 13. Australasian store footprint



Source: Company reports, Forsyth Barr analysis

Figure 14. Price performance



Source: Forsyth Barr analysis

Figure 15. Substantial shareholders

Shareholder	Latest Holding
TA Universal	10.2%
ACC	9.5%
Harbour Asset Management & Jarden Securities Limited	9.3%
Briscoe Group	6.8%
New Zealand Superannuation Fund	6.1%

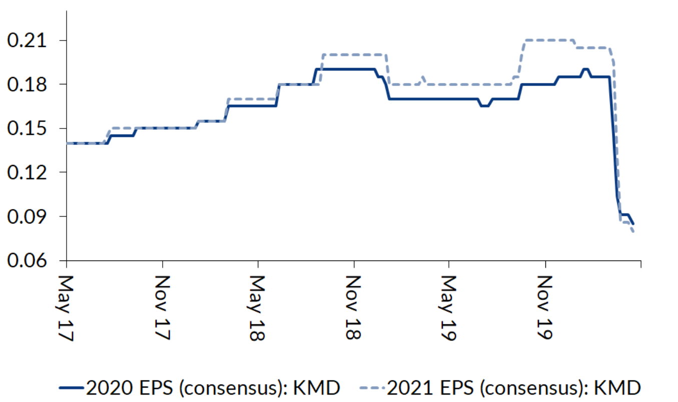
Source: NZX, Forsyth Barr analysis, NOTE: based on SSH notices only

Figure 16. International valuation comparisons

Company	Code	Price	Mkt Cap	PE		EV/EBITDA		EV/EBIT		Cash Yld
(metrics re-weighted to reflect KMD's balance date - July)			(m)	2020E	2021E	2020E	2021E	2020E	2021E	2021E
Kathmandu Holdings	**KMD NZ**	**NZ$0.86**	**NZ$558**	**>50x**	**15.1x**	**18.4x**	**6.5x**	**>75x**	**9.6x**	**3.5%**
Briscoe Group *	BGP NZ	NZ$3.19	NZ$709	17.7x	19.1x	7.4x	7.2x	10.5x	10.2x	4.0%
Michael Hill Intl *	MHJ NZ	A$0.33	A$126	13.2x	36.9x	4.0x	5.4x	8.8x	18.4x	8.7%
Restaurant Brands NZ *	RBD NZ	NZ$12.00	NZ$1,497	>50x	>50x	21.2x	18.3x	45.7x	39.9x	0.0%
The Warehouse Group *	WHS NZ	NZ$2.15	NZ$746	10.6x	8.7x	4.9x	4.3x	7.7x	6.5x	8.6%
DICK'S SPORTING GOODS INC	DKS US	US$29.16	US$2,535	39.3x	39.7x	9.4x	11.5x	38.3x	n/a	3.7%
PREMIER INVESTMENTS	PMV AT	A$14.27	A$2,261	25.4x	19.3x	13.0x	11.7x	26.5x	22.7x	4.4%
VF CORP	VFC US	US$59.50	US$23,486	23.9x	27.8x	15.3x	16.1x	20.5x	21.6x	3.4%
COLUMBIA SPORTSWEAR CO	COLM US	US$75.57	US$4,997	22.3x	21.7x	11.6x	11.3x	14.5x	14.3x	1.4%
			Compco Average:	**21.8x**	**24.7x**	**10.8x**	**10.7x**	**21.6x**	**19.1x**	**4.3%**
EV = Current Market Cap + Actual Net Debt			**KMD Relative:**	**n/a**	**-39%**	**70%**	**-39%**	**n/a**	**-49%**	**-19%**

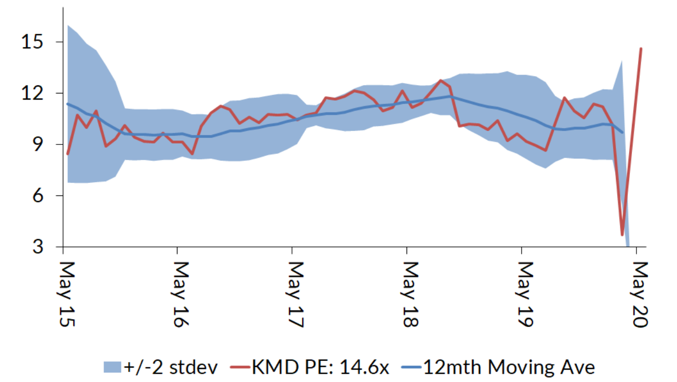
Source: *Forsyth Barr analysis, Bloomberg Consensus, Compco metrics re-weighted to reflect headline (KMD) companies fiscal year end

Figure 17. Consensus EPS momentum (NZ$)



Source: Forsyth Barr analysis

Figure 18. One year forward PE (x)



Source: Forsyth Barr analysis

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