

Reporting Season Preview

A Proper(ty) Drag on Earnings

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Unsurprisingly, we are forecasting negative EPS growth in the upcoming reporting season; however, growth is dragged down by the Property sector. This is the smaller of the quarterly reporting seasons with 20 companies in total reporting. The season is dominated by the property sector, with six property companies reporting 1H21 results.

Growth dragged down by Property

Excluding loss making companies, our analysts are forecasting Total Revenue growth of -2.1% at a median level with EBITDA forecast at -2.7%. Normalised EPS growth is forecast to be -5.1% whilst Dividend per Share growth is flat. Given the small sample size, with large cap companies skewing the aggregated growth figures, we choose to focus on the median growth figures for this reporting season. We have also shown growth excluding the property sector.

Figure 1. Reporting season snapshot (6mth growth on pcip)

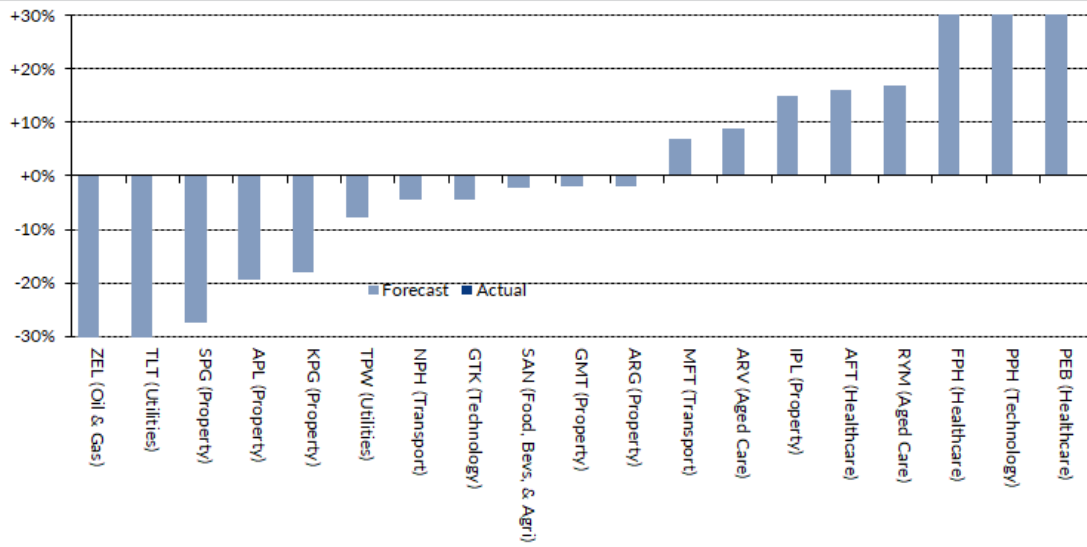
	Median Forecast (excluding loss making companies)	Median Forecast (excluding Property)	Median Forecast (Property)
Total Revenue	-2.1%	+7.0%	-10.0%
EBITDA	-2.7%	+4.8%	-11.9%
EBIT	-3.0%	+1.0%	-11.9%
Normalised NPAT	-2.8%	+8.8%	-6.9%
Normalised EPS	-5.1%	+8.8%	-9.7%
Dividend per Share	+0.0%	+0.0%	-10.1%
No of Companies:	20	14	6

Source: Forsyth Barr analysis

Property Sector Focus

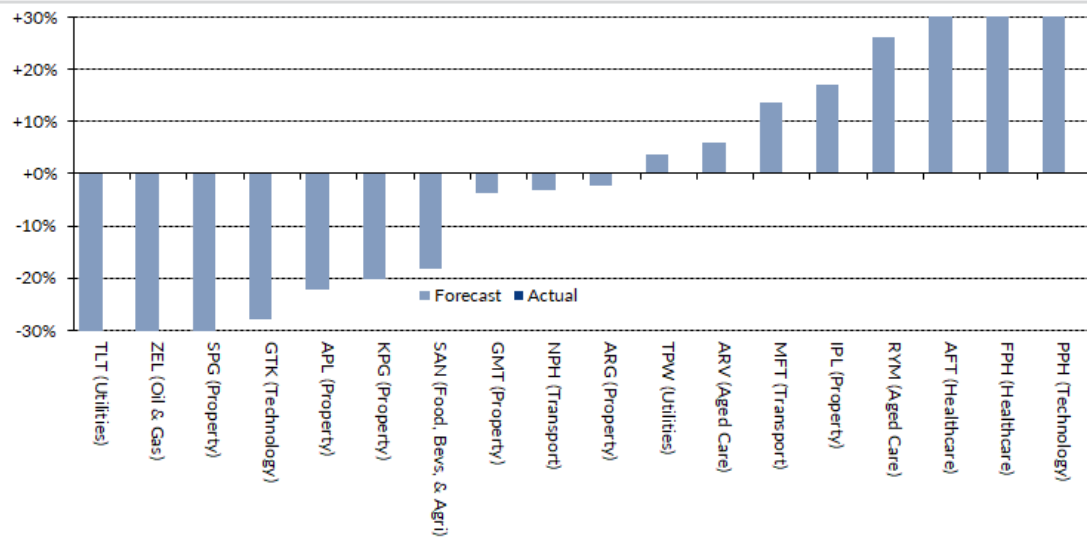
1H21 property sector results will be impacted to various degrees by rent relief provided to tenants over the lockdown. With the cost of this support now largely defined, we don't expect any significant surprises. Those with larger retail portfolios have been hardest hit while industrial and large format retail will only see modest impacts in comparison. However, we still expect yoy earnings declines for most of the sector. With trading returning to more normal levels we expect dividends to make a comeback for those that cut as COVID-19 hit. We also expect asset valuations will be revisited given robust market evidence across most sub-sectors, with retail being the notable exception. This will likely lower gearing across the sector and stimulate portfolio activity, providing an exit for any non-core assets but with the challenge of sourcing acquisition opportunities at attractive pricing.

Figure 2. Total revenue growth forecast (6mth on pcp)



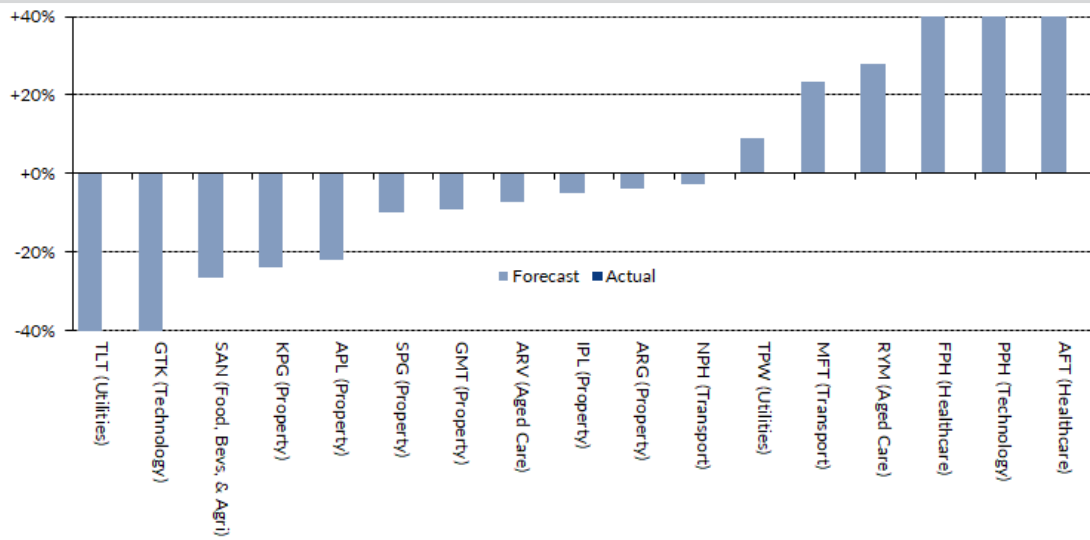
Source: Forsyth Barr analysis

Figure 3. EBITDA growth forecast (6mth on pcp)



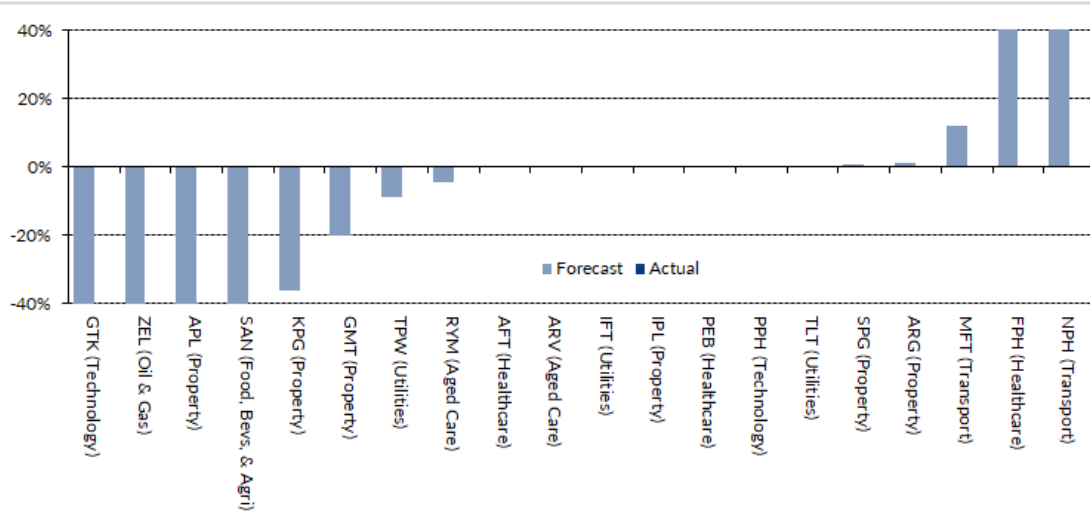
Source: Forsyth Barr analysis

Figure 4. Normalised EPS growth forecast (6mth on pcg)



Source: Forsyth Barr analysis

Figure 5. Dividend per share growth forecast (6mth on pcg)

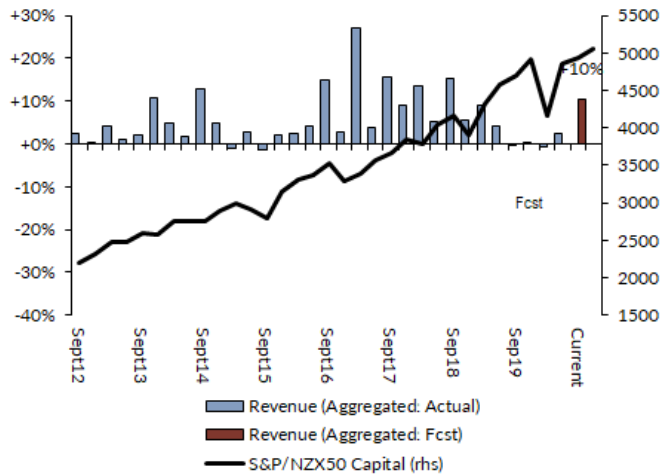


Source: Forsyth Barr analysis

Reporting Season: Historic growth versus forecast growth

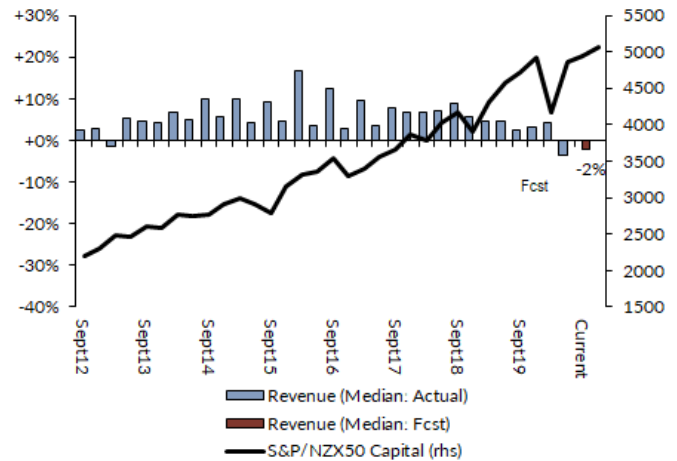
Figures 6–11 show the historic growth and forecast growth for Total Revenue, EBITDA and Normalised EPS versus the S&P/NZX 50 Capital index. Growth is based on the six month reporting period (vs pcg).

Figure 6. Aggregated total revenue growth (6mth on pcg)



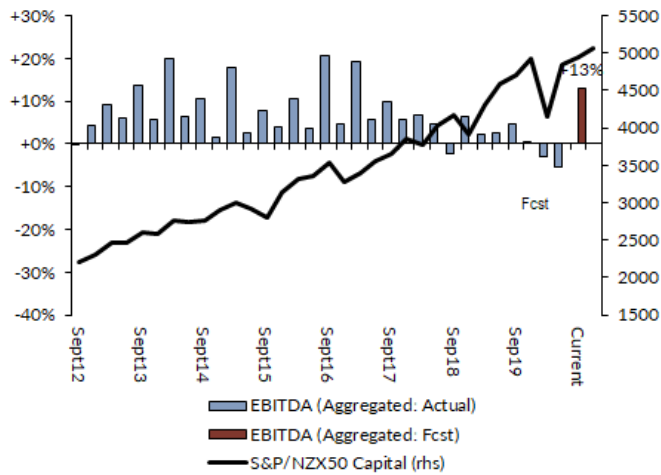
Source: Forsyth Barr analysis

Figure 7. Median total revenue growth (6mth on pcg)



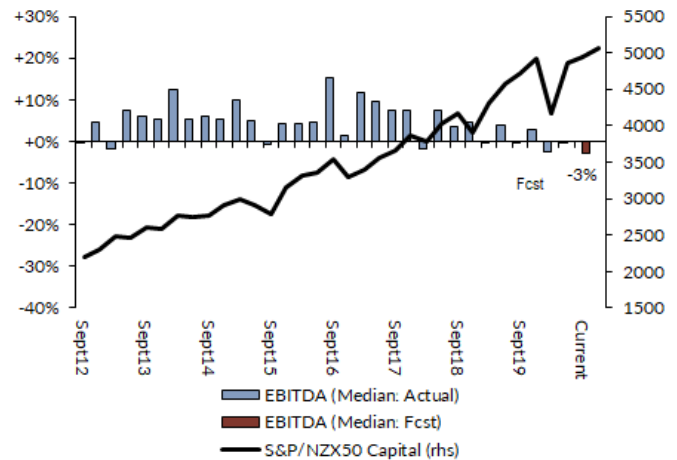
Source: Forsyth Barr analysis

Figure 8. Aggregated EBITDA growth (6mth on pcg)



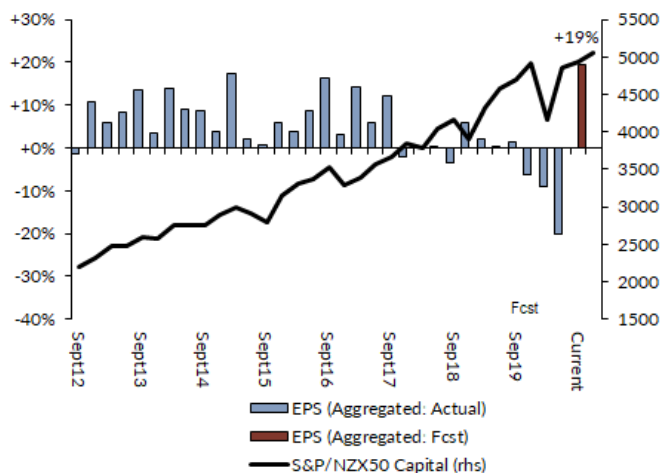
Source: Forsyth Barr analysis

Figure 9. Median EBITDA growth (6mth on pcg)



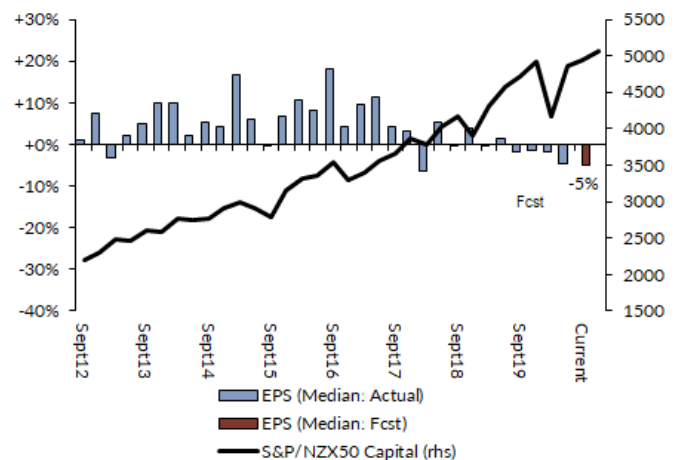
Source: Forsyth Barr analysis

Figure 10. Aggregated normalised EPS growth (6mth on pcg)



Source: Forsyth Barr analysis

Figure 11. Median normalised EPS growth (6mth on pcg)



Source: Forsyth Barr analysis

Figure 12. Reporting season calendar

Week Beginning 02 Nov 2020				
Monday 2-Nov	Tuesday 3-Nov	Wednesday 4-Nov	Thursday 5-Nov	Friday 6-Nov
		Pushpay Holdings Z Energy	Trustpower	
Week Beginning 09 Nov 2020				
Monday 9-Nov	Tuesday 10-Nov	Wednesday 11-Nov	Thursday 12-Nov	Friday 13-Nov
Tilt Renewables		Mainfreight	Infratil Sanford	
Week Beginning 16 Nov 2020				
Monday 16-Nov	Tuesday 17-Nov	Wednesday 18-Nov	Thursday 19-Nov	Friday 20-Nov
	Investore	Napier Port	AFT Pharmaceuticals	Ryman Healthcare
Week Beginning 23 Nov 2020				
Monday 23-Nov	Tuesday 24-Nov	Wednesday 25-Nov	Thursday 26-Nov	Friday 27-Nov
Goodman Property Trust Kiwi Property Group	Arvida Group Limited Stride Property	Asset Plus * F&P Healthcare	Argosy Property Gentrack Pacific Edge *	

Source: Forsyth Barr analysis, NZX, IRESS

*estimated

Figure 13. Reporting season company detail

Companies Yet to Report

Code	Company	Analyst	Last Balance Date	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
AFT	AFT Pharmaceuticals	Chelsea Leadbetter, CFA	Mar-20	1H20	46.9	4.5	4.0	0.1	0.1	0.0
RESEARCH INSIGHTS	Result:	Interim		1H21	54.5	6.1	5.5	3.5	3.5	0.0
	Release Date:	Thu, 19 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+16.1%	+34.3%	+37.2%	+2798.5%	+2707.8%	+0.0%
AFT's results are typically seasonally skewed to 2H. We forecast strong 1H21 growth, although COVID-19 has likely seen some monthly volatility. We look for an update on its portfolio of growth opportunities and any progress with new market agreements and/or bringing new products to market.										
APL	Asset Plus	Rohan Koreman-Smit	Mar-20	1H20	5.0	4.3	4.3	2.8	1.7	1.8
NEUTRAL	Result:	Interim		1H21	4.1	3.3	3.3	2.3	1.4	0.9
	Release Date:	Wed, 25 Nov 20 (est)		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-19.4%	-22.1%	-22.1%	-18.3%	-22.2%	-50.0%
With the capital raise to fund APL's Munroe Lane development now complete attention turns to leasing and potential redevelopment of Graham St (40% of current rental income). APL's 1H will be impacted by rent relief provided to its tenants.										
ARG	Argosy Property	Rohan Koreman-Smit	Mar-20	1H20	51.0	45.4	45.4	29.9	3.6	3.1
NEUTRAL	Result:	Interim		1H21	50.1	44.4	44.4	28.9	3.5	3.2
	Release Date:	Thu, 26 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-1.8%	-2.3%	-2.3%	-3.4%	-3.7%	+1.2%
ARG's 1H will be impacted by tenant rent relief as well as recent asset sales. On the positive side we expect solid revaluation gains for ARG's industrial heavy portfolio. Notwithstanding ARG's recent market update we look for any comments on the sale of Albany Lifestyle Centre as well as insurance proceeds.										
ARV	Arvida Group Limited	Aaron Ibbotson	Mar-20	1H20	97.5	29.1	26.3	23.4	5.0	2.9
NEUTRAL	Result:	Interim		1H21	106.2	30.8	26.8	25.0	4.6	2.9
	Release Date:	Tue, 24 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+9.0%	+5.9%	+1.8%	+6.7%	-7.4%	+0.0%
ARV has reported relatively subdued demand activity post COVID-19 lockdowns, we look for any commentary around changes in recent demand activity, the success to date of care suite conversions and organic annuity earnings growth. We expect debt to remain high and it to also be a focal point of the result.										
FPH	F&P Healthcare	Chelsea Leadbetter, CFA	Mar-20	1H20	570.9	194.5	170.7	125.9	21.9	12.0
UNDERPERFORM	Result:	Interim		1H21	880.3	324.2	292.1	216.3	37.5	18.0
	Release Date:	Wed, 25 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+54.2%	+66.7%	+71.1%	+71.8%	+71.3%	+50.0%
We expect an exceptional result, with FPH's hospital products being used as a front-line therapy for COVID-19 globally. With hospitalisations starting to increase (again) in Europe/US, COVID-19 is likely to dominate commentary, with this result likely too early for any insights into where to thereafter.										
GMT	Goodman Property Trust	Rohan Koreman-Smit	Mar-20	1H20	71.3	64.9	64.9	44.7	3.4	3.3
UNDERPERFORM	Result:	Interim		1H21	69.8	62.5	62.5	43.1	3.1	2.7
	Release Date:	Mon, 23 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-2.1%	-3.7%	-3.7%	-3.6%	-9.4%	-20.2%
We expect minimal impact on 1H earnings from tenant relief payments. GMT has guided to asset revaluations lifting NTA +10cps. We look for updates on releasing of Roma Rd and Penrose expiries as well as comments on market rental levels and incentives.										
GTK	Gentrack	Andy Bowley	Sep-19	FY19	111.7	24.8	15.4	9.6	9.8	3.0
NEUTRAL	Result:	Final		FY20	105.4	12.9	1.5	0.9	0.9	0.0
	Release Date:	Thu, 26 Nov 20		Consensus	96.1	11.0	-3.4	-1.9	-1.9	0.0
				% chg (Forsyth Barr)	-5.6%	-47.8%	-90.1%	-90.4%	-90.4%	-100.0%
GTK recently upgraded market expectations for FY20 but implied a downgrade for FY21. It expects EBITDA to be more than NZ\$11m in FY20 (post-IFRS 16), the previous top end of market forecasts, due to labour savings. We don't expect GTK to pay a final dividend. New CEO Garry Miles started on 1 October 2020.										

Source: Forsyth Barr analysis

Figure 14. Reporting season company detail

Companies Yet to Report

Code	Company	Analyst	Last Balance Date	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
IFT	Infratil	Andrew Harvey-Green	Mar-20	1H20	n/a	n/a	n/a	n/a	n/a	6.3
NEUTRAL	Result:	Interim		1H21	n/a	n/a	n/a	n/a	n/a	6.3
	Release Date:	Thu, 12 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	n/a	n/a	n/a	n/a	n/a	+0.0%
A mixed 1H21 for IFT. Expect CDC to again be the stand-out performer, with Wellington Airport at the other end of the spectrum as it grapples with the disappearance of international travellers. There could also be a significant performance fee bonus accrual.										
IPL	Investore	Rohan Koreman-Smit	Mar-20	1H20	23.5	19.4	19.4	9.8	3.8	3.8
OUTPERFORM	Result:	Interim		1H21	27.0	22.8	22.8	13.1	3.6	3.8
	Release Date:	Tue, 17 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+14.9%	+17.1%	+17.1%	+32.9%	-5.1%	+0.0%
We expect a solid 1H result underpinned by recent acquisitions and with minimal tenant relief paid. IPL has guided to NZ\$85m 1H increase in its portfolio value. We look for an update on balance sheet deployment with IPL having previously signalled c.NZ\$100m of acquisitions and/or developments.										
KPG	Kiwi Property Group	Rohan Koreman-Smit	Mar-20	1H20	89.9	78.9	78.9	48.3	3.4	3.5
UNDERPERFORM	Result:	Interim		1H21	73.7	63.0	63.0	40.0	2.5	2.2
	Release Date:	Mon, 23 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-18.0%	-20.1%	-20.1%	-17.1%	-24.0%	-36.4%
KPG's retail heavy portfolio has resulted in the largest rent relief payments in the sector which will weigh on the 1H result. KPG's interim valuations were broadly stable with an uplift in office offset by retail. We look for updates on trading across the portfolio as well as the recently opened Sylvia Park Galleria development.										
MFT	Mainfreight	Andy Bowley	Mar-20	1H20	1,500.5	176.5	147.9	59.1	58.7	25.0
OUTPERFORM	Result:	Interim		1H21	1,605.9	200.5	169.5	72.9	72.4	28.0
	Release Date:	Wed, 11 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+7.0%	+13.6%	+14.6%	+23.4%	+23.4%	+12.0%
MFT provided preliminary 1H21 revenue and pre-tax profit (PBT) results at its recent investor day. PBT is up +23% on revenues +7%. It has benefited from (1) the industry trading backdrop not being as bad as feared, (2) new customer wins from a resurgent outsourcing trend and flight to quality, and (3) strong cost control through COVID-19.										
NPH	Napier Port	Andy Bowley	Sep-19	FY19	99.6	40.5	28.5	19.7	16.3	2.5
NEUTRAL	Result:	Final		FY20	101.0	40.3	27.8	20.1	10.1	7.4
	Release Date:	Wed, 18 Nov 20		Consensus	99.0	39.1	28.0	19.2	9.7	4.5
				% chg (Forsyth Barr)	+1.4%	-0.5%	-2.5%	+2.2%	-38.4%	+197.0%
NPH reinstated FY20 NPAT guidance of "approximately NZ\$20m" in August 2020, which was unchanged from the prospective financial information (PFI) guidance at the time of last year's listing. Having suspended the interim dividend we expect NPH to pay a full final dividend, not least given its return of the wage subsidy claimed from government.										
PEB	Pacific Edge	Chelsea Leadbetter, CFA	Mar-20	1H20	2.6	-9.3	-9.6	-9.4	-1.8	0.0
RESEARCH INSIGHTS	Result:	Interim		1H21	4.3	-8.0	-8.2	-8.1	-1.2	0.0
	Release Date:	Thu, 26 Nov 20 (est)		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+67.5%	n/a	n/a	n/a	n/a	+0.0%
A lot has changed in the past six months, given success with two long awaited transformational milestones in the US market. Focus now turns to understanding the revenue trajectory and associated cost structures. We expect strong revenue growth, albeit COVID-19 may add a handbrake to momentum.										
PPH	Pushpay Holdings	Jamie Foulkes	Mar-20	1H20	57.4	9.5	7.5	6.5	2.4	0.0
OUTPERFORM	Result:	Interim		1H21	95.5	29.4	26.6	21.0	7.6	0.0
	Release Date:	Wed, 04 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+66.5%	+208.7%	+254.6%	+224.3%	+224.5%	+0.0%

Note: USD forecasts (DPS in NZD)

Potential upgrade catalyst, driven by sustained digital penetration across churches in US. With churches re-opening we expect PPH to benefit, given donors propensity to give more in a physical environment and little reversion to cash as church admin are unwilling to handle physical donations in a COVID-19 environment.

Source: Forsyth Barr analysis

Figure 15. Reporting season company detail

Companies Yet to Report

Code	Company	Analyst	Last Balance Date	Period	Revenue (\$m)	EBITDA (\$m)	EBIT (\$m)	Norm NPAT (\$m)	EPS (cps)	DPS (6mth) (cps)
RYM	Ryman Healthcare	Aaron Ibbotson, CFA	Mar-20	1H20	294.8	126.0	112.3	103.0	20.6	11.5
NEUTRAL	Result:	Interim		1H21	344.4	158.8	144.8	131.7	26.3	11.0
	Release Date:	Fri, 20 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	+16.8%	+26.0%	+29.0%	+27.8%	+27.8%	-4.3%
A result that captures the impacts of COVID-19 lockdowns, we look for recent demand indicators, a potential uptick in annuity earnings after a recent plateau and an update on the ongoing impact of COVID-19 enforced disruptions in Victoria, the latter will likely weigh on both net debt and cash recovery.										
SAN	Sanford	Guy Hooper	Sep-19	FY19	545.1	85.7	64.8	40.0	42.7	14.0
OUTPERFORM	Result:	Final		FY20	482.4	67.3	44.4	27.2	29.1	8.0
	Release Date:	Thu, 12 Nov 20		Consensus	490.3	65.8	43.9	27.7	29.3	8.3
				% chg (Forsyth Barr)	-11.5%	-21.5%	-31.6%	-32.0%	-32.0%	-42.7%
FY20 has been a challenging period for SAN, with the key foodservice channel significantly impacted by COVID-19. We expect earnings to remain under pressure until a normalisation in the supply chain occurs. Key points of interest include 1) inventory levels, 2) market development, and 3) aquaculture growth progression.										
SPG	Stride Property	Rohan Koreman-Smit	Mar-20	1H20	37.9	28.8	28.8	19.3	5.3	5.0
OUTPERFORM	Result:	Interim		1H21	27.5	18.4	18.4	17.3	4.7	5.0
	Release Date:	Tue, 24 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-27.4%	-35.9%	-35.9%	-10.1%	-10.1%	+0.1%
We expect fees from the establishment of Industrie to only partly offset tenant relief payments and divestment of assets to IPL. We look for an update on trading and leasing of upcoming expiries at the NorthWest Shopping Centre as well as the acquisition pipeline of Industrie and progress on SPG's plan to launch an office fund.										
TLT	Tilt Renewables	Andrew Harvey-Green	Mar-20	1H20	103.4	71.4	31.8	18.8	4.0	0.0
NEUTRAL	Result:	Interim		1H21	58.4	31.7	6.8	5.4	1.4	0.0
	Release Date:	Mon, 09 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-43.5%	-55.6%	-78.5%	-71.2%	-65.0%	+0.0%
Note: adjusted for Depreciation/Capex, AUD forecasts (DPS in NZD)										
1H21 earnings will appear weak due to the sale of Snowtown 2 and Dundonnell commissioning. With TLT focussing on building wind farms in FY21 we are not expecting any significant announcements.										
TPW	Trustpower	Andrew Harvey-Green	Mar-20	1H20	539.4	107.1	87.3	48.6	15.5	17.0
NEUTRAL	Result:	Interim		1H21	498.0	111.1	87.5	52.9	16.9	15.5
	Release Date:	Thu, 05 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-7.7%	+3.7%	+0.2%	+8.8%	+8.8%	-8.8%
Note: adjusted for Depreciation/Capex										
We are forecasting a result slightly up on 1H20 with improved retail margins offsetting weak generation volumes. Our dividend forecast of 15.5cps is the same as 2H20.										
ZEL	Z Energy	Andrew Harvey-Green	Mar-20	1H20	2,461.0	183.0	108.0	71.0	17.8	16.5
OUTPERFORM	Result:	Interim		1H21	1,313.1	93.2	16.8	-6.0	-1.2	0.0
	Release Date:	Wed, 04 Nov 20		Consensus	n/a	n/a	n/a	n/a	n/a	n/a
				% chg (Forsyth Barr)	-46.6%	-49.0%	-84.5%	n/a	n/a	-100.0%
It has been an extremely tough 1H21 for ZEL as it continues to grapple with COVID-19 related issues. Earnings will be a record low due to a combination of low sales volumes and higher cost of sales due to refinery issues. 2H21 commentary will be important to ensure market expectations are appropriate. We do not expect an early resumption of the dividend.										

Source: Forsyth Barr analysis

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