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Yovich & Co. Weekly Market Update

3rd June 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 23rd May	12596.50	8586.69	3348.37	8717.97	41603.07	18737.21	0.9220	0.5982	3.50%
Week Close 30th May	12418.89	8660.32	3347.49	8772.38	42270.07	19113.77	0.9274	0.5963	3.25%
Change	-1.41%	0.86%	-0.03%	0.62%	1.60%	2.01%	0.59%	-0.31%	-0.25%

The NZX 50 Index was down 1.41% for the week. Gains were broad-based, with Fisher and Paykel Healthcare and Mainfreight having positive announcements but overall, the index was down due to sharp declines in Ryman, KMD, and Infratil. The Reserve Bank of New Zealand (RBNZ) reduced the Official Cash Rate (OCR) by 25 basis points to 3.25% which was widely anticipated. The RBNZ signalled that future rate decisions will be data-dependent, emphasising the lagged effects of previous cuts and the resilience of the export sector amid global uncertainties. Consumer confidence fell five points in May to 92.9 according to the latest ANZ-Roy Morgan survey.

The Australian All-Ordinaries Index closed at 8,637.80 on 30 May, experiencing a slight decline of 0.22% for the week. On Friday utilities, banks and consumer staples helped recover the slump in the index.

The Shanghai Composite Index ended the week at 3,347.49, down 0.47%. Despite the weekly dip, Asian stocks ended mostly higher, with tech stocks surging as Nvidia posted first-quarter earnings and revenue ahead of estimates, helping ease fears of a China slowdown.

The FTSE 100 Index rose by 0.64% for the week, closing at 8,772.38. The market showed resilience amid global trade concerns, supported by strong performances in the financial sector.

U.S. equities wrapped up May on a strong footing, with all major indices delivering solid weekly gains. The Dow Jones Industrial Average rose 1.6% to close at 42,270.07, while the Nasdaq Composite led the way with a 2.01% increase, ending the week at 19,113.77. However, beneath the surface, signs of economic weakness began to emerge, as several data releases came in below expectations. This softer economic backdrop contributed to a drop in yields on the 10-year and longer-dated U.S. Treasuries. With persistent uncertainty surrounding U.S. tariffs and concerns about slowing economic momentum, market participants are increasingly debating whether the Federal Reserve could be prompted to cut interest rates in the near future.

The biggest movers of the week ending 30th May 2025				
Up			**Down**	
Turners Automotive Group	8.33%		Ryman Healthcare	-16.00%
The Warehouse Group	6.74%		KMD Brands	-6.15%
Vital Healthcare Property Trust	6.04%		Infratil	-5.43%
Vista Group International	5.43%		Oceania Healthcare	-4.55%
Mainfreight	4.93%		Mercury NZ	-4.37%

Source: Iress

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Investment News

Fonterra (FSF.NZ)

Fonterra has announced a strong Q3 performance for FY25, with a normalised profit after tax of $1,158 million—up 11% from the previous year—and tightened its full-year forecast earnings range to 65–75 cents per share. The Co-op has maintained its forecast Farmgate Milk Price for the 2024/25 season at $10.00 per kgMS, within a range of $9.70–$10.30, and issued an opening forecast of $10.00 per kgMS for the 2025/26 season, reflecting stable market demand. Strategic focus remains on high-performing Ingredients and Foodservice businesses, with the planned divestment of global Consumer operations progressing as scheduled. CEO Miles Hurrell reaffirmed Fonterra's commitment to delivering strong shareholder returns and sustainable farmer payouts.

Current Share Price: $6.25, **Consensus Target Price:** $6.15, **Forecasted Gross Dividend Yield:** 7.5%.

Ryman Healthcare (RYM.NZ)

Ryman Healthcare has completed a significant operational and financial reset in FY25, reporting strong progress despite a challenging market. Key highlights include a record build year with 950 units delivered, stable ORA sales at 1,523, and a sharp increase in deferred management fees following pricing model changes. While the company posted a net loss of $436.8 million due to one-off costs and asset revaluations, it also achieved a major milestone with a $1.0 billion equity raise, reducing net debt by $840 million. With $23 million in annualised cost savings already achieved and further efficiencies targeted, Ryman is well-positioned for improved performance in FY26 as it focuses on strengthening core operations, driving cash generation and reshaping the land bank and growth model for long-term resilience.

Current Share Price: $2.14, **Consensus Target Price:** $3.65.

Mainfreight (MFT.NZ)

Mainfreight has reported a mixed but resilient result for the year ended 31 March 2025, with revenue rising 11% to $5.24b and net profit jumping 31% to $274.3m, despite a 3% decline in profit before tax to $383.6m. Operating cash flows improved to $584m, and the company will pay a final gross dividend of $1.21 per share, bringing the full-year gross dividend to $2.39. Growth was driven by strong performances in Australia—now the largest contributor—while New Zealand, Asia, and the Americas faced margin pressure and profit declines. Freight volumes increased across all modes, but higher property costs and competitive pressures squeezed margins. Mainfreight invested $234.5m in capital expenditure and plans $450m more through 2027. Despite tariff-related global supply chain uncertainty, the company is optimistic about ongoing expansion across its 337-branch network in 27 countries, with expectations for growth particularly in Europe, Asia, and the Americas.

Current Share Price: $70.03, **Consensus Target Price:** $77.00. **Forecasted Gross Dividend Yield:** 3.40%.

Goodman Property Goup (GMT.NZ)

Goodman Property Trust (GMT) has reported a strong financial performance for the year ending 31 March 2025, delivering a $109.6m profit and increasing cash distributions by 4.8% to 6.5 cents per unit. Net property income rose 13.5% to $230.5m, driven by new developments, positive leasing results, and 7.3% like-for-like rental growth. Operating earnings increased to $125m, and cash earnings grew by 5.2% to 7.55 cents per unit, with guidance for further growth to 8.0 cents per unit and a 5% lift in FY26 distributions. Strategic initiatives included launching a $2.1b property fund for Highbrook Business Park with global investment partners, the completion of $214.8m in sustainable developments, and early-stage investment in data centre infrastructure. GMT's urban logistics portfolio, valued at $4.7b, maintains 99% occupancy and a 5.6-year average lease term. With gearing at 31.8% (expected to fall to 23.2% following asset sales), the Trust continues to recycle capital into new development opportunities. CEO James Spence says the results demonstrate the resilience of GMT's portfolio and its positioning for sustainable long-term growth through active investment, strategic partnerships, and disciplined capital management.

Current Share Price: $1.91, **Consensus Target Price:** $2.17. **Forecasted Gross Dividend Yield:** 3.40%.

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Chorus – Notes CNU050.nz

Chorus Limited has set the initial Interest Rate for its issue of NZ$170 million unsecured, subordinated, redeemable, cumulative, interest-bearing capital notes (CNU050.nz) at **5.90% per annum**. This is the sum of the Initial Margin of 2.05% per annum plus the 6 Year Benchmark Rate of 3.85% per annum. The initial Interest Rate will apply until the First Reset Date (6 June 2031).

Current Share Price: $6.20, **Consensus Target Price:** $5.94. **Forecasted Gross Dividend Yield:**

Spotlight on Woodside Energy Group – A Core Energy Holding

Woodside Energy Group stands as Australia's leading independent oil and gas producer, with a diversified portfolio encompassing liquefied natural gas (LNG), pipeline gas, crude oil, and condensate. The company plays a pivotal role in supplying energy to the Asia-Pacific region and is actively navigating the global transition towards cleaner energy sources. LNG is the mainstay, with more than 20 years' successful delivery of cargoes to East Asian customers. Woodside has operatorship and a one-sixth share in the Northwest Shelf Joint Venture, or NWS/JV, on the north-west coast of Western Australia. Under its watch, the number of LNG trains has grown from one to five, taking gross output to 16.4 million metric tons per year.

Research from Morningstar:

Woodside shares have dropped by around 30% since mid-2023, significantly underperforming the broader market. While it's true that oil prices have also declined by more than a third, the sharp fall in Woodside’s share price seems overdone. In fact, the stock is now trading at its biggest discount to Morningstar’s fair value estimate since the depths of the COVID-19 market downturn. There’s growing talk that the age of hydrocarbons is coming to an end. But the data tells a different story, global demand for oil and gas is still rising. Forecasts that expect a near-term peak followed by a rapid decline may be too optimistic. Even in many energy transition scenarios, substantial investment in hydrocarbons will still be needed to replace naturally declining supply. Morningstar’s valuation of Woodside is based on two key assumptions: a 15% increase in hydrocarbon production, reaching 225 million barrels of oil equivalent per year, and a long-term Brent oil price of USD 60 per barrel. While they forecast a modest 2.0% decline in EBITDA (on a compound annual basis) over the next five years, to about USD 8.1 billion by 2028, that’s largely due to their conservative oil price assumptions, which are 20% below current levels. *(Mark Taylor)*

The Scarborough Energy Project is a cornerstone of Woodside Energy Group’s long-term growth strategy. Currently over 80% complete, the project is on track to deliver its first LNG cargo in the second half of 2026. Once operational, Scarborough is expected to produce 8 million tonnes per annum (MTPA) of LNG, contributing significantly to Australia’s energy exports. The project is anticipated to generate over AUD 50 billion in direct and indirect taxes for the Australian economy and create more than 3,000 construction jobs in Western Australia, underscoring its economic significance. The Australian government has conditionally approved an extension of operations at the site through to 2070, which would secure long-term energy supply and economic benefits. However, the extension has drawn criticism from environmental groups and Pacific nations due to concerns about greenhouse gas emissions and the potential impact on cultural heritage sites. Louisiana LNG has the potential to significantly boost Woodside’s global sales volumes over time.

Woodside is actively working towards integrating sustainability into its operations:

- Emission Reduction Targets: Aims to reduce net equity Scope 1 and 2 greenhouse gas emissions by 15% by 2025 and 30% by 2030, with a goal of net-zero emissions by 2050.
- Investment in New Energy: Committed to investing USD 5 billion by 2030 in lower-carbon products and services, including hydrogen and carbon capture and storage (CCS) technologies.
- ESG Ratings: Received an MSCI ESG Rating of AAA and is a member of the S&P Global Sustainability Yearbook, reflecting strong ESG performance.

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Security Code	WDS.ASX
Description	Oil & Gas
Exchange	ASX
Industry	Oil & Gas Exploration and Production
Market Capitalisation (AUD)	$41.7 Billion
Index	ASX 200
Weighting in Index	1.58%
Current Price (AUD)	$ 22.00
Target Price (AUD)	$ 26.41
Discount to Target Price	16.70%
5 Year Hist Return	7.61%
5 Year Hist Risk (SD)	29.53%

Forecasts	12/2024A	12/2025F	12/2026F	12/2027F
PE Ratio	9.4	15.62	28.35	17.06
Dividend Yield (%)		5.5	3.86	5.28
Revenue (AUD)	$13,151 Million	$12,389 Million	$11,594 Million	$13,090 Million
EBITDA (AUD)	$9,276 Million	$8,359 Million	$6,835 Million	$7,785 Million
Net Debt (AUD)		$8,894 Million	$8,958 Million	$9,974 Million
$ 19.81 Strong Buy	$ 23.11 Buy	$ 26.41 Hold	$ 29.71 Sell	$ 33.01 Strong Sell
	↑			

Woodside Energy (WDS.ASX) has delivered solid shareholder returns, supported by consistent dividend payments and resilient earnings in a volatile commodity environment. The company's 5-year historical return, including dividends, stands at 7.61%, with a 5-year standard deviation of 29.53%, reflecting moderate historical volatility.

While revenue is projected to soften slightly from $13,151 million in FY2024 to $11,594 million in FY2026 before recovering to $13,090 million in FY2027, Woodside maintains healthy EBITDA margins. EBITDA is expected to decrease from $9,276 million in FY2024 to $6,835 million in FY2026, before improving to $7,785 million in FY2027, indicating near-term pressure but a potential rebound in earnings capability. The company's P/E ratio is forecasted to increase from 9.4 in FY2024 to a peak of 28.35 in FY2026, before moderating to 17.06 by FY2027.

Woodside continues to operate with a relatively high net debt position, expected to rise modestly from $8,894 million in FY2025 to $9,974 million by FY2027. While this level of debt may constrain capital flexibility, the company's strong operating cash flow and high dividend yield (5.5% in FY2025 and 5.28% in FY2027) support its ongoing investor appeal, it is also likely that this high debt position is due to the Scarborough Energy Project which will significantly benefit the company once completed.

At the current share price of $22.00, Woodside trades at a 16.7% discount to its target price of $26.41. Based on our methodology, Woodside Energy is a **'Buy'** rating.

Woodside Energy Group presents a compelling investment opportunity for those seeking exposure to the energy sector with a focus on LNG. However, potential investors should remain cognisant of the environmental and regulatory challenges associated with the company's operations. There is potential for new energy to erode market share and demand for hydrocarbon if net zero emissions scenario comes true 2050.

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Upcoming Dividends: 04th June to 04th July.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
Barramundi	BRM	04-Jun-25	05-Jun-25	1.38 cps	27-Jun-25
Kingfish	KFL	04-Jun-25	05-Jun-25	2.96 cps	27-Jun-25
MyFoodBag	MFB	04-Jun-25	05-Jun-25	1.18 cps	19-Jun-25
Marlin	MLN	04-Jun-25	05-Jun-25	1.91 cps	27-Jun-25
Radius Care	RAD	04-Jun-25	05-Jun-25	1.11 cps	19-Jun-25
Vital Healthcare	VHP	04-Jun-25	05-Jun-25	3.07 cps	19-Jun-25
2CheapCars	2CC	05-Jun-25	06-Jun-25	2.97cps	19-Jun-25
GOODMANPROP	GMT	5-Jun-25	6-Jun-25	1.625 cps	19-Jun-25
GreenCross	GXH	5-Jun-25	6-Jun-25	3.8194 cps	23-Jun-25
KiwiProperty	KPG	5-Jun-25	6-Jun-25	1.6506 cps	19-Jun-25
Stride	SPG	5-Jun-25	6-Jun-25	2.5344 cps	17-Jun-25
Third Age	TAH	6-Jun-25	9-Jun-25	5.5297 cps	26-Jun-25
Argosy Property	ARG	10-Jun-25	26-May-25	1.88 cps	25-Jun-25
INFRATIL	IFT	11-Jun-25	12-Jun-25	13.25 cps	2-Jul-25
MILLENNIUM	MCK	11-Jun-25	12-Jun-25	4.1667 cps	19-Jun-25
TOWER	TWR	11-Jun-25	12-Jun-25	11.11 cps	26-Jun-25
GenCap	GEN	12-Jun-25	13-Jun-25	0.6019 cps	3-Jul-25
Napier Port	NPH	12-Jun-25	13-Jun-25	9.03 cps	29-Jun-25
AFT Pharm	AFT	18-Jun-25	19-Jun-25	1.8 cps	04-Jul-25
Fisher and Paykel Health	FPH	23-Jun-25	24-Jun-25	33.33cps	04-Jul-25
Scales Corp	SCL	30-Jun-25	01-Jul-25	9.26cps	11-Jun-25

Source: Iress

For more information and to stay updated subscribe to our newsletter and consult with your Financial Adviser to tailor your investment strategy.