

Yovich & Co. Market Update

23 November 2021

As at 19 November	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12908.15	7765.82	3539.10	7347.91	36100.31	15860.96	0.9607	0.7044	0.50%
Week Close	12740.12	7729.88	3560.37	7223.57	35601.98	16057.44	0.9674	0.7015	0.50%
Change	-1.30%	-0.46%	0.60%	-1.69%	-1.38%	1.24%	0.69%	-0.41%	0.00%

In summary, the NZX50G had 35 companies on the downside, 3 companies unchanged and 13 companies were on the upside. Global dairy trade auction on 16 November was up another 1.9% at US\$4,287 per MT (the highest since 2014) with 30,397 MT sold. The increase was supported by gains across all products. However, key prices lifted less than the 6% gain in WMP that futures were forecasting. Despite the miss, the positive move remains supportive of a record pay-out for New Zealand dairy farmers. Highlights this week include the RBNZ OCR review on Wed and the latest retail sales print in Australia. Last week's RBNZ survey of expectations showed a sharp rise in inflation expectations and has pushed market pricing to a 45% chance of a 50bp increase.

The biggest movers of the week ending 19 November

Down		Up	
Ryman Healthcare Limited	9.79%	Napier Port Holdings Limited	7.14%
Restaurant Brands New Zealand Limited	7.95%	The a2 Milk Company Limited	4.18%
Arvida Group Limited	5.5%	Fisher & Paykel Healthcare Corporation Limited	3.50%

Investment News

TradeWindow (TWL.nz)

Direct listed on the NZX Monday 22 November. With 86,031,600 shares on issue at listing with a price of \$1.15 cents per share giving TradeWindow a market capitalisation of \$98,936m. The company will list under the stock ticker TWL.nz. The company sells products for compliance, operations, data management, and supply chain traceability.

Current Share Price: \$1.35.

EROAD (ERD.nz)

Welcomes the Commerce Commission's decision to grant clearance for the Coretex acquisition. EROAD announced on 14 July 2021 that it had entered into a conditional agreement to acquire 100% of Coretex Limited ("Coretex"), a telematics vertical specialist provider delivering enterprise grade solutions. The acquisition is expected to accelerate EROAD's key growth metrics by two years enabling it to capture the significant growth opportunity in North America and Australia. It also accelerates growth by adding new strategic vertical markets and broadens EROAD's product and customer base. The acquisition, which has also received shareholder approval and Overseas Investment Office Consent, is now due to complete on 1 December 2021.

Current Share Price: \$5.28, Target Price: \$6.39.

AFT Pharmaceuticals (AFT.nz)

Tax paid profit for the 1FHY22 ending 30 September 2021 was \$4.2m up from \$1.19m revenue increased 14% at \$55.5m, net tangible assets (NTA) up from -\$0.10 to \$0.05 per share. Net debt reduced from \$35.2m to \$32.6m with an improved cash balance of \$5.9m from \$3.2m. Guidance for an operating profit of \$18 million to \$23 million reaffirmed for the year to 31 March 2022 with product launches and improving market conditions expected to underpin a traditionally stronger second half of the year. International markets lead the growth up 74% with NZ and Asia increasing by 15% and 32% respectively.

Current Share Price: \$4.99, Target Price: \$5.88.

Turners Automotive Group (TRA.nz)

Normalised tax paid profit for the 1HY22 was up 55% at \$24.5m, revenue up 13% at \$166.8m, earnings per share up 25% at 19.6 cents. The expected net profit before tax for FY22 is to be in the range of \$40m - \$42m (assuming current L3/L2 restrictions ease over the coming months). Based on the current dividend payout policy of 60-70% of NPAT an anticipated full year fully imputed dividends of 22 cents per share based on full year profit before tax of \$40m. The Board's expecting to exceed the \$45m NPBT target in FY24. A gross quarterly dividend of 6.94 cents is payable 27 January and has an ex-dividend date of 17 January 2022. The Used car market remains resilient, proven by better-than-expected consumer demand during L3 lockdowns. Continued gains in margin and market share during Q1 led to another step up in profit performance from April to July, followed by disrupted Q2 due to COVID-19 lockdowns.

Current Share Price: \$4.49, Forecasted dividend yield: 5.13%, Target Price: \$4.77.

Ryman Healthcare (RYM.nz)

Tax paid profit for the 1HY22 ending 30 September 2021 increased 32.5% to \$281m (including property revaluation), underlying profit up 8.5% at \$95.9m. Revenue (from operations) up \$11.6% at \$247.8m. Net tangible assets per share increased from \$4.81 to \$5.96 (\$3.03b). Total transacted sales rose 48% to \$510m in the first half. Only 1.2% (101 combined units & apartments) of the retirement village portfolio was available for resale at September 30. Interest bearing debt of \$2.4b means debt is sitting at 44.5% (similar to levels in March 21). Margins for resales were up 4% at 25%. A dividend of 8.8 cents is payable 17 December and has an ex-dividend date of 10 December 2021.

Current Share Price: \$12.80, Forecasted dividend yield: 2.08%, Target Price: \$13.78.

Refining NZ (NZR.nz)

Is pleased to announce that further to the shareholder mandate received in August, it has reached a key milestone in the transition to a fuel import terminal as part of its strategic vision to be New Zealand's leading fuel infrastructure. On the basis of the shareholders' approval received in August, the Board has now made the Final Investment Decision (FID) to proceed with the conversion and a name change to Channel Infrastructure NZ Limited (NZX:CHI) (Channel Infrastructure) to align with the commencement of import terminal operations from April 2022.

Current Share Price: \$0.88, Target Price: \$1.11.

Kiwi Property Group (KPG.nz)

Announced a robust financial result for the six months ended 30 September 2021, reporting an uplift in all key operating metrics on the prior comparable period, including growth in income, profitability, asset values and interim dividend, despite the impact of COVID-19. Net profit after tax was \$143.2m, up 164.1% on the same time last year, underpinned by a \$93.6m increase in the fair value of the company's investment properties. Operating profit before tax rose 8.0% to \$62.5m, driven by an increase in net rental income, which grew 11.5% to \$94m. Kiwi Property's mixed-use, office and other properties were worth \$3.5b as at 30 September 2021, up 2.8%, highlighting the strength of the company's portfolio. Office was once again the highest performing of the asset classes recording a fair value gain of 4.9% to \$1.1 billion. Kiwi Property's mixed-use portfolio, including Sylvia Park, LynnMall and The Base, also experienced a valuation uplift, climbing 2.5% to \$1.7 billion. A gross half year dividend of 3.5 cents is payable 17 December with an ex-dividend date of 2 December 2021.

Current Share Price: \$1.16, Forecasted dividend yield: 4.60%, Target Price: \$1.26.

My Food Bag (MFB.nz)

Tax paid profit for the 1HY22 ending 30 September 2021 increased by 24.55% at \$9.4m. Revenue was down 6.5% at \$98.4m. A half year gross dividend of 4.17 cents is payable 16 December and has an ex-dividend date of 30 November 2021. A final dividend of 4.4 cents is forecasted to be paid in 2022 following the release of the FY22 results.

Current Share Price: \$1.25, Dividend yield: 3.3%, Target Price: \$1.80.