

Yovich & Co. Market Update

April 16th 2018

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Month	8515.36	5929.00	3152.76	6921.94	21830.31	6992.67	0.9404	0.7239	1.75%
Week Close	8414.77	5924.67	3159.05	7264.56	21674.51	7106.65	0.9474	0.7353	1.75%
Change	-1.18%	-0.07%	0.20%	4.95%	-0.71%	1.63%	0.74%	1.57%	0.00%

Market Themes

- The first quarter of the 2018 year has seen an increase in volatility as overly positive expectations get brought back to earth by geopolitical headlines.
- The New Zealand market reached all time highs in March, with the NZ50G index breaking the 8600 level but is now 2.1% below that milestone.
- Market leaders for the quarter include:
 - a2 Milk – A strategic alliance with Fonterra has further supported the growth potential of a2 Milk.
 - Synlait – The existing supply agreement with a2 Milk has helped Synlait post a record profit for the half year.
 - Summerset – A replication of Ryman's Australian growth strategy has seen Summerset's share price surge this year.
- A positive trend in commodity prices has helped the ASX 200 finally break the significant 6000 point level.
- Despite the Cambridge Analytica scandal with Facebook, tech stocks on the NASDAQ Index continue to outperform the broader US Market.
- Political tensions in Europe have hampered economic growth this year with markets in the red since January.
- The NZ Dollar has seen a bull run, as the stability of the NZ Economy proves to be attractive to offshore investors.

Investment News

Infratil (IFT.nz)

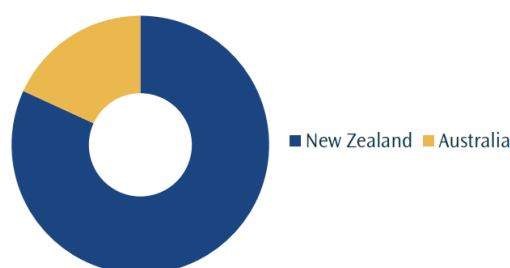
Infratil is a diversified investment company that has a strong history of identifying opportunities and adding value for investors in the energy and infrastructure sectors. In recent years they have diversified further into the retirement and IT sectors. Their portfolio includes core investments such as Trustpower, TILT Resources, Wellington Airport and NZ Bus (bus services in Auckland and Wellington). A full list of their portfolio can be found on their website:

<https://infratil.com/>

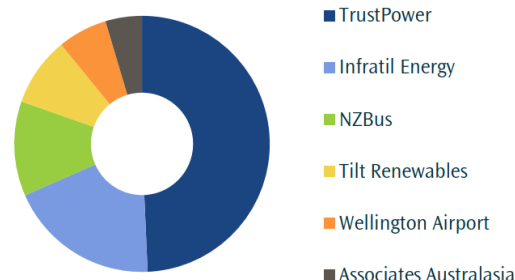
The consensus target price is \$3.55 with a current price of \$3.19. The current forward gross dividend yield is 7.30%.

Revenue Breakdown

Regional



Divisional



Source: Bloomberg, FNZC

Financials & Forecasts		2016A	2017A	2018F	2019F	2020F
Revenue	(\$m)	1,776	1,914	1,999	2,057	2,138
EBITDA	(\$m)	466	535	521	573	598
NPAT	(\$m)	38	102	54	77	93
EV/EBITDA	(x)	7.8	8	8.1	7.4	6.9
PE	(x)	45.8	17	31.7	22.4	18.5
Net Dividend Yield	(%)	4.6	5.1	5.4	5.7	6.1
Gross Dividend Yield	(%)	6.4	7.1	7.5	7.9	8.4

Source – FNZC Research and IRESS Market Data

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