

Yovich & Co. Weekly Market Update

26th May 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 16th May	12786.79	8579.91	3367.46	8684.56	42654.74	19211.10	0.9182	0.5881	3.50%
Week Close 23rd May	12596.50	8586.69	3348.37	8717.97	41603.07	18737.21	0.9220	0.5982	3.50%
Change	-1.49%	0.08%	-0.57%	0.38%	-2.47%	-2.47%	0.41%	1.73%	0.00%

The S&P/NZX 50 Index closed at 12,596.50 down -1.49% for the week after positive momentum in previous weeks. Gains in stocks like Gentrack, Channel Infrastructure, Summerset, and SkyTV were offset by declines in Infratil, Heartland, F&P Healthcare, and Kathmandu. The RBNZ OCR review and Monetary Policy Statement is being released on Wednesday, with many economists expecting a 0.25% cut.

The New Zealand Budget released last week introduced several important changes. The government's contribution to KiwiSaver will be halved to 25 cents per dollar, with a maximum of \$261 per year. The minimum KiwiSaver contribution rate will increase from 3% to 4% over the next three years. From July, individuals earning \$180,000 or more per year will no longer receive government KiwiSaver contributions, while 16- and 17-year-olds will begin receiving them. In addition, businesses will be allowed to write off 20% of the value of new assets, such as machinery, tools, and equipment from their tax bill, in addition to standard depreciation. According to the government's preferred accounting measure (excluding ACC), the country is expected to remain in deficit until 2028, with a modest \$200 million surplus forecast for 2029.

The Australian All-Ordinaries Index finished the week at 8,586.69, remaining relatively flat throughout the week. The Shanghai Composite Index declined 0.57% over the week, closing at 3,348.37 on May 23 following U.S. fiscal concerns. The FTSE 100 climbed slightly by 0.38% for the week but is experiencing some volatility due to Trump threatening a 50% EU tariff. The pound has rallied to the highest level since February 2022.

U.S. markets experienced volatility due to renewed trade tensions. For the week, both the Nasdaq & Dow Jones indexes declined approximately 2.5%. The downturn was influenced by former President Trump's threats of imposing a 50% tariff on EU imports and a 25% tariff on foreign-manufactured smartphones, impacting companies like Apple, which saw its shares fall by 3%. U.S. Treasury yields hit their highest in 18 months on concerns that a new budget proposal could swell the country's federal deficit. U.S. President Donald Trump is championing an extension of his 2017 tax cuts, which analysts warn could add trillions to the federal governments already massive \$36.2 trillion debt pile. The plan has sparked fears of an even wider deficit, especially as interest payments continue to soar.

The biggest movers of the week ending 23 rd May 2025			
Up		Down	
Sky Network Television	6.37%	Heartland Group	-9.30%
NZX	5.26%	Serko	-8.81%
Tower	4.14%	Vulcan Steel	-8.23%
Channel Infrastructure NZ	2.94%	KMD Brands	-7.14%
Sanford	2.29%	Fonterra Shareholders' Fund	-5.80%

Source: Iress

Investment News

Infratil (IFT.NZ)

Infratil Limited (Infratil) is considering making an offer of unsecured, unsubordinated, fixed rate infrastructure bonds (New Bonds) to New Zealand investors. It is expected that full details of the offer will be released in the near future, subject to market conditions. If the offer proceeds, it will likely comprise two separate parts:

- A “Firm Offer” expected to open on 29 May 2025, which will be reserved for New Zealand resident clients of the Joint Lead Managers, approved financial intermediaries and other primary market participants invited to participate in the bookbuild. The Firm Offer is expected to close at 11.00am on 4 June 2025.
- An “Exchange Offer” expected to open on 5 June 2025 (following the Firm Offer), under which all New Zealand resident holders of the IFT250 bonds that mature on 15 June 2025 (2025 Bonds) will have the opportunity to exchange some or all of their maturing 2025 Bonds for New Bonds. The Exchange Offer is expected to close at 5.00pm on 11 June 2025.

Current Share Price: \$11.12, **Consensus Target Price:** \$13.12 **Forecasted Gross Dividend Yield:** 2.0%.

Oceania Healthcare (OCA.NZ)

Oceania Healthcare reported a solid FY25 result, with underlying EBITDA rising 4.1% to \$86.0m and operating cash flow increasing 6.7% to \$110.3m, driven by strong sales momentum and improved settlement timing. Although underlying NPAT declined 15.5% to \$52.5m due to interest costs on completed developments, capital gains grew 22.6% to \$83.2m, and total comprehensive income reached \$74.6m. Gearing improved to 36.3%, reflecting capital discipline and asset divestments. Sales volumes rose 9.2%, including a 17.2% lift in new sales, with The Helier’s occupancy climbing to 41%. Oceania also launched a new five-year strategy centred on care, living, people, and impact, supported by a business optimisation programme targeting \$15m–\$20m in annual cost savings by FY27. No final dividend was declared, pending a policy review to better align with operating cash flows.

Current Share Price: \$0.64, **Consensus Target Price:** \$0.90.

Kiwi Property Group (KPG.NZ)

Kiwi Property Group delivered a resilient FY25 performance despite challenging economic conditions, reporting a 5.0% rise in net rental income to \$194.1m and a 7.4% increase in operating profit before tax to \$116.2m. Tax paid profit surged to \$57.0m from a loss in the prior year, driven by stable asset valuations and tight cost controls, including a 23% reduction in employment and admin expenses. While adjusted funds from operations (AFFO) declined 7.0%, the company paid a full-year dividend of 5.40 cents per share and announced FY26 guidance of 5.60 cps, a growth of 3.7%. Notable progress was made in mixed-use developments, with the successful leasing of 85% of Resido (Kiwi Property’s first build-to-rent community) apartments at Sylvia Park and the first land sale at Drury.

Current Share Price: \$0.87, **Consensus Target Price:** \$0.98. **Forecasted Gross Dividend Yield:** 7.56%.

Turners Automotive Group (TRA.NZ)

Turners Automotive Group delivered record results in FY25, with NPAT rising 17% to \$38.6m and NPBT up 10% to \$54.3m, despite economic headwinds. Earnings per share increased 17% to 43.3 cps, and the company declared a full-year gross dividend of 29 cps, up 14%. While Auto Retail revenue fell, margins improved in second half of the FY due to disciplined pricing and a shift to lower-priced inventory. Finance and Insurance saw strong profit growth, supported by expanding net interest margins and robust direct-to-consumer platforms. Credit Management benefited from rising debt volumes, and Turners expanded into servicing and repair with investments in My Auto Shop and Quashed. Gearing remained low, and Turners’ diversified model continues to underpin resilience and growth, with FY28 NPBT targets of \$65m expected to be achieved ahead of schedule.

Current Share Price: \$6.20, **Consensus Target Price:** \$5.94. **Forecasted Gross Dividend Yield:** 3.60%.

Upcoming Dividends: 27th May to 27th June.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
Sanford	SAN	27-May-25	28-May-25	6.94 cps	06-Jun-25
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
Argosy Property	ARG	10-Jun-25	26-May-25	1.88 cps	25-Jun-25
Tower	TWR	11-Jun-25	05-Jun-25	11.11 cps	26-Jun-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

Source: Iress

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