

Yovich & Co. Market Update

28 June 2021

As at 25 June	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12551.93	7624.30	3525.10	7017.47	33290.08	14069.42	0.9251	0.7127	0.25%
Week Close	12626.09	7578.58	3607.56	7136.07	34433.84	14030.38	0.9276	0.6934	0.25%
Change	0.59%	-0.60%	2.34%	1.69%	3.44%	-0.28%	0.27%	-2.70%	0.00%

In summary, the NZX50G had 22 companies on the downside, 4 unchanged and 24 companies were on the upside. Level 2 alert status in Wellington has been extended for a further two days, until 11:59pm on Tuesday, to allow more time for testing and to ensure no one was infected by the Australian visitor over the weekend of 20 June. In the US, the inflation data the Fed watches was released over the weekend. The personal consumption expenditures (PCE) price index for May increased +3.9% from one year ago, reflecting increases in both goods and services. Energy prices increased +27% while food prices increased +0.4%. Excluding food and energy, the PCE price index for May increased 3.4% from one year ago. That is only marginally higher than the year-on-year rise for April of +3.1%. These rates are high but probably not high enough for the Fed to change its "this is transitory" stance. The NZD depreciated last week as the market priced in increased interest rates. This week more pressure is expected on the NZD/USD, due to the upcoming US Nonfarm Payroll jobs numbers for June. Consensus forecasts are for 675,000 new jobs over the month. An actual result well above that number will be positive for the USD and negative for the NZD.

The biggest movers of the week ending 25 June

Down		Up	
Westpac Banking Corporation	4.07%	Arvida Group Limited	4.71%
Trustpower Limited	3.33%	Serko Limited	4.14%
Precinct Properties	3.14%	Freightways Limited	3.65%

Investment News

Westpac Group

Announced that it has decided to keep 100% ownership of its New Zealand unit following a review of the business. The Australian bank on Thursday said the review showed that separating Westpac New Zealand Ltd. from the group would not be in best interests of shareholders. It added that it has identified opportunities to improve service for customers and the value of the New Zealand business. Mr King said that the Westpac NZ business has been serving NZ for 160 years remain committed to delivering for customers and fulfilling our purpose of helping Australians and New Zealanders succeed. The Board has announced an interim dividend of AU\$0.58 with an ex-dividend date 13 May and is payable 25 June 2021.

Current Share Price: \$28.83, Forecasted Gross Dividend Yield: 4.41%, Target Price: \$29.32.

Comvita

Is pleased to announce that it was the leading brand in the category in the recently completed 618 shopping festival in China, outperforming all other Manuka honey brands on the two leading e-commerce platforms Tmall and JD.com. Comvita's total sales through the festival increased 31.0% on last year reflecting a strong growth in consumer awareness and demand for the Comvita brand especially given that the overall honey category sales were relatively flat year on year. David Banfield Group CEO said "I am delighted that our team have been able to deliver such a strong result in the second most important shopping event in China. This performance continues to offset the headwinds experienced in the ANZ Daigou market. We believe that our unique and differentiated business model, and longer-term strategy is starting to show signs of momentum and is helping us build long-term resilience." Comvita retains its full year guidance and as previously reported intends to resume dividend payments when announcing its FY21 results.

Current Share Price: \$3.45, Forecasted Gross Dividend Yield: 1.16%, Target Price: \$3.45.

Disclaimer: "Yovich & Co Limited believes the information in this publication is correct, and it has reasonable grounds for any opinion or recommendation found within this publication on the date of this publication. However, no liability is accepted for any loss or damage incurred by any person as a result of any error in any information, opinion or recommendation in this publication. Nothing in this publication is, or should be taken as, an offer, invitation or recommendation to buy, sell or retain any investment in or make any deposit with any person. The information contained in this publication is general in nature. It may not be relevant to individual circumstances. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser. This publication is for the use of persons in New Zealand only. Copyright in this publication is owned by Yovich & Co Limited. You must not reproduce or distribute content from this publication or any part of it without prior permission

Tourism Holdings

In April 2021, Tourism Holdings advised that it expected its FY21 net loss after tax would be between \$14 and \$18m. Pleasingly, expectations are that the FY21 net loss after tax will be on the lower side of that range. The net loss after tax will also include a negative one-off fair value adjustment of \$1.4m to Tourism's original 50% investment in Action Manufacturing, resulting from the acquisition of the remaining shares. Net debt as at 30 June 2021 is now expected to be approximately \$50 million (previous guidance was that net debt would not exceed \$90 million). The variance to earlier guidance is largely attributable to a payment for new vehicles in the USA being delayed into early in the next financial year, as well as vehicle sales exceeding earlier expectations. Due to ongoing uncertainty, there is no guidance for the FY ending 30 June 2022, a general update with FY21 in August and further guidance on FY22 at the 2021 annual meeting in October.

Current Share Price: \$2.55, **Target Price:** \$3.08.

Steel & Tube

Is pleased to have secured a significant contract to supply reinforcing steel to the Harapaki wind farm project, owned by Meridian Energy. Located within the Maungaharuru Range in Hawke's Bay, when completed, the \$395m Harapaki wind farm will be New Zealand's second-largest wind farm with 41 turbines generating 176 MW of renewable energy, enough to power over 70,000 average households. Construction will begin in the second half of 2021 and will take around three years. Reinforcing work is expected to commence in September 2021 and utilise approximately 2,900 tonnes of steel, with an estimated project value to Steel & Tube of around \$7.1 million.

Current Share Price: \$1.15, **Forecasted Gross Dividend Yield:** 2.46%, **Target Price:** \$0.86.

Kiwi Property Group

Has announced it is considering an offer of seven-year fixed-rate senior secured green bonds (Green Bonds). Full details of the Green Bond offer will be released upon the offer opening, which is expected to be in the week commencing 5 July 2021.

Current Share Price: \$1.17, **Forecasted Gross Dividend Yield:** 4.56%, **Target Price:** \$1.17.

Upcoming Ex-dividend dates for July 2021

Company	Ex dividend date	Period	Gross Dividend cents per share	Payment date	Current price \$
Mainfreight Limited	8-Jul-21	Final	62.50	16-Jul-21	\$76.55
Turners Automotive	13-Jul-21	Final	8.33	28-Jul-21	\$4.53
F&C Investment Trust PLC	15-Jul-21	Interim	5.94	2-Aug-21	\$16.70
The Bankers Investment Trust Plc	29-Jul-21	Interim	1.07	31-Aug-21	\$2.26