

Yovich & Co. Market Update

30 August 2021

As at 27 August	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	12940.49	7725.15	3427.33	7087.90	35120.08	14714.66	0.9574	0.6833	0.25%
Week Close	13059.79	7760.07	3522.16	7148.01	35455.80	15129.50	0.9588	0.7012	0.25%
Change	0.92%	0.45%	2.77%	0.85%	0.96%	2.82%	0.14%	2.61%	0.00%

In summary, the NZX50G had 16 companies on the downside, 1 remained unchanged and 33 companies were on the upside. Another positive week for the NZX50G increase closing the week 0.92% higher. The NZ dollar appreciated against the USD and AUD last week recovering from a pull back on the announcement that the RBNZ left the OCR as status quo. South Korea has become the first major Asian economy to raise interest rates since the coronavirus pandemic began. The Bank of Korea increased its base rate of interest from a record low of 0.5% to 0.75%. The move is aimed at helping curb the country's household debt and home prices. In the U.S. equities gained to another record high as investors took assurance from comments by Jerome Powell that the withdrawal of stimulus would be gradual. The Federal Reserve chairman reinforced the message that it would be appropriate to begin tapering bond purchases by the end of the year but also drew a line between asset purchases and interest rates, saying the Fed wouldn't be in a hurry to begin increasing rates after it begins tapering its \$120bn-a-month bond-buying program.

The biggest movers of the week ending 27 August

Down		Up	
The a2 Milk Company Limited	10.96%	Summerset Group Holdings Limited	16.54%
Synlait Milk Limited	6.38%	Z Energy Limited	15.41%
Fisher & Paykel Healthcare Corporation	4.56%	Scales Corporation Limited	14.86%

Investment News

Heartland Bank

Tax paid profit for the year ending 30 June 2021 was up 20.9% at \$87m, revenue increased 6.70% to \$251m, return on equity was up 144 basis points to 11.9%, net interest margin up 2 basis points at 4.35%. Net tangible assets (NTA) increased from \$1.05 to \$1.16 cents per share. Heartland's strategic vision is to create sustainable growth and differentiation through providing best or only products via scalable digital platforms. There are four strategic elements to the fulfilment of this; Business as Usual growth (reported on below), Frictionless Service at the Lowest Cost, Expansion in Australia, Acquisitions which fit with and add value to the above. A final gross dividend of 9.72 cents is payable 15 September and has an ex-dividend date of 31 August 2021.

Current Share Price: \$2.33, Forecasted dividend yield: 4.72%, Target Price: \$2.01.

Oceania Healthcare

Announced it is offering up to \$75 million (oversubscriptions of up to \$25 million at Oceania's discretion) of seven year secured fixed rate bonds. The interest rate for the Bonds will be set on the rate set date as being equal to the swap rate plus the issue margin (1.45% to 1.60%), subject to a minimum interest rate of 3.20% per annum. An announcement of the actual margin and interest rate is expected 3 September 2021 following a bookbuild process. Closing date for the bonds is midday Friday 3 September, if you would like to participate in the offer, please contact the team at Yovich & Co.

Current Share Price: \$1.52, Forecasted dividend yield: 2.58%, Target Price: \$1.68, Bond Yield: 3.20%

Scales

Tax paid profit for 1H21 ending 30 June 2021 was up 12% at \$28m (underlying up 15.4% at \$33m) revenues unchanged at \$253m. The Horticulture division delivered an Underlying EBITDA of \$38m (1H20: \$36.9m), up 2.9%. Mr Apple total own grown export volumes are forecast to be 3.6m total container equivalents (TCEs) (1H20: 3.9m TCEs). The Food Ingredients division delivered another excellent first half result with Underlying EBITDA of \$16.1m (1H20: \$11.0m). Mr Borland said, "This strong performance reflects the sustained global demand for petfood, with the division experiencing a 30% increase in volumes sold compared to 1H20". Due to a strong 1H21 result, Scales has upgraded its full year guidance. Underlying Net Profit is now expected to be between \$32m and \$37m, implying an Underlying EBITDA of between \$65m and \$72m NTA increased from \$2.33 to \$2.40.

Current Share Price: \$5.15, Forecasted dividend yield: 3.69%, Target Price: \$4.88.

Upcoming Ex-Dividend and Dividend Payment dates

Company	Ex dividend date	Period	Gross Dividend cents per share	Payment date	Current price \$
Heartland Group Holdings Limited	31-Aug-21	Final	9.72	15-Sep-21	\$ 2.33
Goodman Property Trust (NS)	1-Sep-21	Interim	1.69	16-Sep-21	\$ 2.66
Stride Property	1-Sep-21	Interim	0.75	9-Sep-21	\$ 2.63
Asset Plus Limited	3-Sep-21	Interim	0.52	13-Sep-21	\$ 0.33
Summerset Group	6-Sep-21	Interim	11.59	20-Sep-21	\$ 15.52
Barramundi Limited	8-Sep-21	Interim	1.71	24-Sep-21	\$ 1.08
Kingfish Limited	8-Sep-21	Interim	3.79	24-Sep-21	\$ 2.06
Marlin Global Limited	8-Sep-21	Interim	3.50	24-Sep-21	\$ 1.50
Vital Healthcare	8-Sep-21	Final	2.41	23-Sep-21	\$ 3.30
Ebos Group Limited	9-Sep-21	Final	50.47	24-Sep-21	\$ 35.42
Michael Hill International Limited	9-Sep-21	Final	6.13	24-Sep-21	\$ 0.87
NZME Limited	9-Sep-21	Interim	4.17	22-Sep-21	\$ 0.95
NZX Limited	9-Sep-21	Interim	4.17	24-Sep-21	\$ 1.84
Precinct Properties NZ	9-Sep-21	Final	1.63	24-Sep-21	\$ 1.69
PGG Wrightson Limited	9-Sep-21	Final	22.22	4-Oct-21	\$ 3.67
Steel & Tube Holdings Limited	9-Sep-21	Final	3.29	24-Sep-21	\$ 1.12
Chorus Limited (NS)	13-Sep-21	Final	20.14	12-Oct-21	\$ 6.98
Argosy Property Limited	14-Sep-21	Interim	1.78	29-Sep-21	\$ 1.65
Mercury NZ (fully paid)	14-Sep-21	Final	14.17	30-Sep-21	\$ 6.83
Freightways Limited	16-Sep-21	Final	25.00	1-Oct-21	\$ 12.80
Marsden Maritime Holdings Limited (NS)	16-Sep-21	Final	16.62	24-Sep-21	\$ 6.30
Port of Tauranga Limited	16-Sep-21	Final	10.42	1-Oct-21	\$ 7.38
SKYCITY Entertainment Group Limited (NS)	16-Sep-21	Final	9.72	24-Sep-21	\$ 3.27
Spark New Zealand Limited	16-Sep-21	Final	17.36	1-Oct-21	\$ 4.90
Seeka	17-Sep-21	Interim	18.05	13-Oct-21	\$ 5.25
The Colonial Motor Company Limited	23-Sep-21	Final	55.55	4-Oct-21	\$ 10.20
Delegat Group Limited	23-Sep-21	Final	27.78	8-Oct-21	\$ 14.70
Genesis Energy Limited (NS)	23-Sep-21	Final	11.54	8-Oct-21	\$ 3.39
Comvita Limited	29-Sep-21	Final	5.56	7-Oct-21	\$ 3.60
Meridian Energy Limited (NS)	29-Sep-21	Final	14.95	15-Oct-21	\$ 5.13
Skellerup Holdings	30-Sep-21	Final	12.54	15-Oct-21	\$ 5.48