

Yovich & Co. Market Update

22 September 2021

As at 17 September	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	13064.39	7706.20	3703.11	7029.20	34607.72	15115.49	0.9669	0.7113	0.25%
Week Close	13234.55	7702.94	3613.97	6963.64	34584.88	15043.97	0.9684	0.7041	0.25%
Change	1.30%	-0.04%	-2.41%	-0.93%	-0.07%	-0.47%	0.15%	-1.01%	0.00%

In summary, the NZX50G had 14 companies on the downside, and 36 companies were on the upside. The NZX50G closed the week up 1.30%. The NZ dollar continues to sit circa 70 cents USD and 96 cents AUD. The Global Dairy Trade increased ever so slightly up 1% at an average price of US \$4,011 per metric tonne (MT) with 24,476 MT sold. Whole milk powder the main contributor increased 2.2% to \$3,777 per tonne. International markets are experiencing investors “uncertainty”. This uncertainty has come about due to the fear that a Chinese building development company Evergrande will start to default on its US\$300b debt obligations. This is a concern especially if interest payments on bonds sold to foreign investors due 23 September cannot be made.

Current 1 year term deposit rates offered by the three banks used by Yovich & Co; **ANZ 1.45%, ASB 1.35% and Heartland Bank 1.30%.**

The biggest movers of the week ending 17 September			
Down		Up	
Stride Property	3.83%	Pacific Edge Limited	7.19%
Mainfreight Limited	2.39%	Pushpay Holdings Limited	6.52%
The a2 Milk Company Limited	2.28%	Infratil Limited	5.92%

Investment News

Barramundi Limited – Action Required

Announced the warrant’s exercise price is 64 cents, a 42% discount to current Barramundi Share price of \$1.01. Warrants must either be sold before 27 October 2021 otherwise exercised on or before 29 October 2021. It is advised that warrant holders contact their Financial Adviser to seek advice and action your request.

Current Share Price: \$1.01, Historical dividend yield: 6.43%, Warrant exercise price: \$0.64.

AFT Pharmaceuticals

Has announces it has further extended the global footprint of its patented Maxigesic pain relief medicine disclosing regulatory approvals for the intravenous form in South Korea and Panama, and the tablet form of the medicine in Chile and Peru. AFT Managing Director Hartley Atkinson said: “In the face of significant challenges getting our people offshore, I am pleased with the progress we are making in advancing the global commercialisation of Maxigesic with launches of the IV dose form now imminent in South America and Asia to add to previous launches in Australasia, Europe and the Middle East. “The global market for the Maxigesic family of medicines is significant at US\$47 billion in 2020 and forecast to reach US\$59.5 billion by 2026. Dr Atkinson, however, noted that bottlenecks in international travel at New Zealand’s border continued to represent a challenge to AFT conducting international business. “With our markets in North America and Europe now moving to living with COVID-19 and their markets rapidly reopening, we need to get our people overseas to continue to develop the markets for our products and maintain the momentum in our global operations.

Current Share Price: \$4.14, Forecasted dividend yield: 0.52%, Target Price: \$4.85.

Kathmandu

Tax paid profit for the FY21 ending 31 July 2021 was up at \$63m from \$8.1m, revenue up 15.1% at \$922m, NTA is up from 13 cents to 18 cents. Short term COVID-related challenges and continued growth is well supported by \$37m cash on the balance. Gross margin is up 40 basis points to 58.7%. Investment in online capabilities resulted with online sales at 14.4% of direct-to-consumer sales. Due to COVID-19 restrictions the first 6 weeks of trading resulted group sales down 19.9%, with online sales growth to 25%. A gross dividend of 3 cents is payable 15 December and has an ex-dividend date of 30 November 2021. Bringing the full FY21 dividend payment to 5 cents per share.

Bond Offer Price: \$1.45, Forecasted gross dividend yield: 2.99%, Target Price: \$4.85.

Stride Property Group

Wishes to advise that considering the recent market conditions (China's Evergrande real estate company) it has decided to withdraw the current demerger and IPO of Fabric Property Limited.

Current Share Price: \$1.50, Forecasted dividend yield: 4%, Target Price: \$1.70.

Kiwi Property Group

Announced it is moving ahead with the construction of New Zealand's first major build-to-rent development, marking an important milestone in the delivery of the company's mixed-use strategy. The 295-apartment complex will be located at Sylvia Park in Auckland, accelerating the site's evolution into an integrated retail, office and residential community. Construction is set to commence in late 2021 and renting to begin in early 2024. The \$221 million development will target a stabilised net yield of approximately 4.5%, and a 10-year property internal rate of return of over 8.0%. The project will be debt funded, pending the outcome of the process to sell The Plaza and Northlands, which is currently underway.

Current Share Price: \$1.18, Forecasted dividend yield: 4.54%, Target Price: \$1.29.

Radius Care

Is pleased to announce that it has entered into a committed terms sheet with its banking partner ASB to restructure and increase its current facilities. The restructuring will see Radius Care's existing debt of \$18.8m increase to a total facility size of up to \$62m and includes the entry into the following new five-year facilities: A \$20m facility to fund existing developments and for general corporate purposes; a \$20m development finance facility to support new and existing developments; and a \$20m acquisition funding facility to support new acquisitions. In addition, Radius Care retained \$6.3m of cash from its recent capital raise to fund growth. Radius Care's Executive Chair and Managing Director Brien Cree said "We are pleased to have agreed terms with ASB to provide us with increased funding flexibility to continue to target acquisitions of strategically important and attractive facilities as well as advancing our plans for further greenfield and brownfield developments."

Current Share Price: \$0.53.

Z1P

Is an Australian buy now pay later service (BNPL) with a market cap of AU\$3.6b. Z1P as agreed to make a strategic investment in ZestMoney, a leading Indian BNPL operator. Founded in 2015 by Lizzie Chapman, Priya Sharma and Ashish Anantharaman, ZestMoney is one of the largest and fastest growing BNPL platforms in India with 11m registered users having signed up, over 10,000 online merchants on the platform and with a point of presence in over 75,000 physical stores. India's market is poised to be one of the largest markets by FY2026, forecasted to have US\$300b in BNPL payment volume. This investment is consistent with Zip's strategy to build a truly global BNPL business that supports regional and global partners in multiple markets, providing everyone, everywhere with access to fair and transparent payment products. Zip is well placed to continue to accelerate with BNPL forecast to become the fastest growing eCommerce payment method over the next 5 years.

Current Share Price: \$6.51, Target Price: \$8.20.