












BlackBull Research Market View, NZ Equities




March 2023



NZ Equities

Ticker		Rating	Change from Previous		P/E Fwd	Dividend Yield % Fwd
 AIA	Auckland International Airport	SELL	∨	Strong rebound result as borders reopened. Operating earnings (EBITDAFI) tripled from last year to \$189m for the period. Downgrade - it is at "peak valuation".	39x	2.00%
 AIR	Air New Zealand	NEUTRAL	∧	Strong result as demand and pricing dynamics offset operating below peak capacity and elevated fuel prices	8.0x	
 ATM	A2 Milk	HOLD		Result missed on weaker than expected China rebound and tightening margins and costs inflation	34x	
 CEN	Contact Energy	BUY		Weaker wholesale rates impacted operating earnings (EBITDAF) - down -24% from last year to \$246m.	20x	4.60%
 CHI	Channel Infrastructure	BUY	∧	Result driven by improved fuel and jet fuel demand (~70% of pre-covid). Upgrade based on normalised fuel demand and attractive valuation. Less volatile new business model. We see it as a core infrastructure asset.	21x	7.20%
 DGL	Delegat Group	HOLD		Revenue growth offset by material cost inflation and weak demand from UK and Europe regions.	15x	2.20%
 EBO	EBOS Group	HOLD		Strong result for the group, animal care division showing strength. Trimmed portfolio allocation from 10% down to 8% over the last 3 months on full valuation.	27x	2.70%

 FBU	Fletcher Building	HIGH RISK BUY		Weaker earnings guidance due to soft residential construction activity and disruption from Auckland floods and Cyclone Gabrielle	9.0x	6.30%
 FPH	Fisher & Paykel Healthcare	BUY		Upgraded full-year revenue, benefitting from strong sales in China due to the Covid outbreak peaking there and early start to flu season in North America	55x	2.10%
 GNE	Genesis	BUY		Record half year result on strong hydro generation, company lifted their full year earnings on continued hydro strength.	12x	6.30%
 PGW	PGG Wrightson	HIGH RISK BUY		Solid half year result, but cut full year guidance on operating earnings (EBITDA) from \$62m down to \$57m	18x	6.20%
 RYM	Ryman Healthcare	NEUTRAL		Announced \$902m capital raise to pay down debt and lower its LTV ratio from 45.3% to 33.9%	14.5x	2.20%
 SCL	Scales Corporation	HIGH RISK BUY	∨	Mixed half year result, with solid performance from Global Proteins and Logistics Business, stock impacted by Cyclone Gabrielle severely damaging 4 of their 15 orchards, causing SCL to remove full year earnings guidance. Looks oversold.	15x	3.00%
 SKC	Sky City Entertainment	BUY		Reintroduced its dividend and had strong reopening bounce-back. Regulatory overhang continues to weigh upon the stock.	12.6x	5.80%

	Sky Network Television	HOLD		Mixed result, with a greater focus on maintaining sports dominance following Spark Sports exit from the market, and the costs of buying content stabilising.	8.0x	5.60%
	Tourism Holdings Limited	HIGH RISK BUY		Strong reopening result, with management adding they would consider recommencing dividend payments at the end of the 2023 financial year	12.4x	5.60%
	Tower Insurance	HOLD	∨	Downgrade due to heavy earnings impact from recent weather events.	NA	NA