

Yovich & Co. Weekly Update

June 1st 2015

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD
Previous Week	5776.02	5668.21	4657.60	7031.72	18232.02	5089.36	0.9331	0.7303
Week Close	5844.95	5774.95	4611.74	6984.43	18010.68	5070.03	0.9293	0.7111
Change	1.19%	1.88%	-0.98%	-0.67%	-1.21%	-0.38%	-0.41%	-2.63%

This Week's Themes

- Large Cap stocks drove the New Zealand market back towards all time highs as yield stocks were once again in the sights of investors. Contact Energy was the biggest mover after they announced a Special Dividend of 50 cents per share.
- It has been an interesting week for the Oil and Petrol stocks with Chevron exiting the New Zealand market with the announcement that they have sold their stake in The New Zealand Refining Company in a block trade. They have subsequently also sold the Caltex network of Petrol Stations to Z Energy.
- The weaker Aussie Dollar against the USD gave the resource sector some momentum and helped the market to post its biggest upward move in over two months.
- The rally in the U.S. Dollar, spurred by a fall in the oil price and a shift towards defensive assets, saw equities also sell off as investment sentiment changed.
- The NZD has now fallen to a four year low against the USD and its lowest level against the Aussie in 2015 due to falling Dairy Prices and a significant chance that interest rates might be on the move down.

Investment News

Ryman Healthcare (RYM.nz) – Year End 31 March 2015 Result – Another Record Profit

Ryman Healthcare underlying profit for year ended 31 March 2015 was up 16% at \$136.3M and valuation gains lifted the reported profit after tax to \$241.9M. The dividend for the year has increased by 15% with a final dividend of 7.3 cents per share being paid on 26 June.

Sales reached a record of 1,175 units in the year which is an increase of 20% on the previous year. The company expects to be building 1200 units and beds annually by 2018, up from 875 in 2015. The level of demand is particularly strong in Auckland.

Ryman's construction team is busy with work continuing on five new villages, Wheelers Hill in Melbourne, Howick, Pukekohe, Birkenhead and Petone and it expects to start work in the year ahead on new villages in Rangiora and Greenlane and Brandon Park, Melbourne. The Melbourne village has been one of its fastest selling and the target now is to have 5 villages open in Melbourne by 2020. Ryman will consider listing on the ASX in the next year or two,.

Financials & Forecasts		2014 A	2015 A	2016 F	2017 F	2018 F
Adjusted Earnings	NZ\$m	118	136	152	178	205
EPS Adjusted	NZc.	23.6	27.3	30.4	35.6	41
P/E	x	33.8	29.3	26.3	22.4	19.4
EV/EBITDA	x	19.1	16.5	17.4	17.5	15.5
Net DPS	NZc.	11.8	13.6	15.2	17.8	20.5
Imputation	%	0	0	0	0	0
Net Yield	%	1.5	1.7	1.9	2.2	2.6
Gross Yield	%	1.5	1.7	1.9	2.2	2.6