

Yovich & Co. Weekly Update

June 4th 2012

Markets

	NZX 50	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD
Previous Week	3,486.23	4,081.18	2,333.55	5,351.53	12,454.83	2,837.53	0.77244	0.753795
Week Close	3,452.00	4,116.92	2,373.44	5,260.19	12,118.57	2,747.48	0.778923	0.755585
Change	-0.98%	0.88%	1.71%	-1.71%	-2.70%	-3.17%	0.84%	0.24%

This Weeks Themes

- Markets were hit hard at the end of the week with U.S. job data disappointing. This has added to the existing negative sentiment to put strong downside pressure on markets.
- Gold has jumped 3% over the past week. Over the past 5 years since the Global Financial Crises, Gold has increased in value almost 150% while most stock indices are still in negative territory. Gold may continue to act as a hedge in uncertain economic times, contact us if you are interested in adding gold to your portfolio.

Company News

Mainfreight (MFT.nz) announced impressive annual growth and record sales last year with net profit of \$80.5 million. Gearing of the business has doubled over the past year to fund the purchase of the European Wim Bosman business which has underperformed but expectations for this business are still positive in a challenging environment. The Final dividend has been increased to 14c compared to 11c last year.

Sanford (SAN.nz) reported an increase of 15% in profit for the 6 months to 31 March to \$29.9 million. However, after an impairment of \$2m against the Australian business, after tax profit for the period was only slightly better than the previous corresponding period. An interim dividend of 9 cents will be paid and equate to annual yield of over 8.5%.

Restaurant Brands (RBD.nz) announced a slight fall in sales for the first quarter. The main difference was a fall in same store sales from KFC as a result of the unprecedented sales of the Double Down 'burger' last year. Sales for Pizza Hut and Starbucks were relatively inline, although the closure of Christchurch stores has affected the overall result. RBD plans to open its first Carl's Jr. store in the third quarter which will add a burger business to their range.

Smartpay (SPY.nz) The payment process company recorded a loss of \$12.1 million for the year, although this included 9.1m in write offs and other restructuring items. The market reacted positively to news that the new CEO, Bradley Gerdis, is changing the business model to better attribute profit and reflect the cash flow that the company earns. They have secured commitments for NZ\$13m of equity capital at 11.5c from professional and sophisticated investors at a premium to recent trading levels

Ecoya (ECO.asx) posted its maiden profit, although after tax there was a slight net loss of \$218k. Sales growth was up 58%, and with a plan to "continue investing in our brands, expanding our retail and distribution footprint and driving strong sales growth, whilst remaining close to neutral from a profitability perspective." they are looking to achieve sustainable growth in an expanding market.

Other News

- Last week we sent out an overview of the upcoming SOE listings. If you are interested in investing, let us know and we will keep you informed of the processed once it is made available.