

# Yovich & Co. Weekly Market Update

16<sup>th</sup> September 2024

## Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 6 <sup>th</sup> September	12,616	8,215	2,766	8,181	40,345	16,691	0.926	0.618	5.25%
Week Close 13 <sup>th</sup> September	12,833	8,324	2,704	8,273	41,394	17,684	0.919	0.615	5.25%
Change	1.72%	1.32%	-2.23%	1.12%	2.60%	5.95%	-0.78%	-0.37%	0.00%

This past week saw positive movements across most global indices, with some standout performances, driven by various economic factors. The NZX 50 surged by 1.72%, closing at 12,832.55, largely due to strong corporate earnings reports and growing optimism around a stabilising interest rate environment in New Zealand. Investor sentiment was also bolstered by positive news in the utilities and healthcare sectors.

Meanwhile, the All Ordinaries in Australia gained 1.32% on the back of rising commodities prices, particularly in the mining sector, which helped lift the index. In the U.S., the Dow Jones closed up 2.60% at 41,393.78, driven by solid gains in industrial and tech stocks, as investors reacted to cooling inflation numbers and strong retail sales data.

However, Shanghai's Composite Index fell by 2.23%, reflecting ongoing concerns about China's economic slowdown and its struggles to reignite growth amid regulatory constraints and weaker-than-expected data from key industries.

On the currency front, the NZD weakened against both the AUD and USD, dropping 0.78% and 0.37% respectively, as global economic uncertainties persist. The OCR remained unchanged at 5.25%, as the market awaits more clarity from the Reserve Bank of New Zealand regarding future rate decisions.

## Weekly Market Movers

The biggest movers of the Week ending 13 <sup>th</sup> September 2024			
Up		Down	
Manawa Energy	31.09%	KMD Brands	-7.27%
NZX	7.14%	Mercury NZ	-5.09%
Vulcan Steel	7.09%	Spark	-3.98%
Fonterra Shareholders' Fund	5.36%	Vista Group International	-3.24%
Meridian Energy	4.76%	Serko	-3.03%

## Investment News

Auckland International Airport (AIA) has announced a \$1.4 billion equity raise to support its extensive capital investment programme. This programme is focused on enhancing infrastructure, particularly with the construction of the \$2.2 billion Domestic Jet Terminal, a project aimed at modernising the airport's facilities, improving operational efficiency, and meeting future passenger demand. The terminal will integrate both domestic and international services, reducing connection times and upgrading the airport's resilience to future growth.

### **Details of the Equity Raise:**

\$1.2 billion will be raised through an underwritten institutional placement, with shares offered at \$6.95 per share, reflecting a 7% discount to the last traded price. An additional \$200 million will be raised through a non-underwritten retail offer available to existing shareholders in New Zealand and Australia.

### **Eligibility for Retail Offer:**

Eligible shareholders in New Zealand and Australia, as of 13 September 2024, will have the opportunity to participate in Auckland Airport's non-underwritten Retail Offer. The offer allows shareholders to apply for up to NZ\$150,000 (for New Zealand residents) or A\$45,500 (for Australian residents) worth of shares. This offer is free of brokerage or transaction costs, making it accessible and cost-efficient for retail investors.

The offer price for the Retail Offer will either match the Placement price of \$6.95 per share or be at a 2.5% discount to the five-day volume-weighted average price (VWAP) of Auckland Airport shares traded during the last five days of the Retail Offer period, whichever is lower. This ensures that participating shareholders can purchase shares at a competitive price.

This Retail Offer provides smaller shareholders with a chance to maintain or expand their holdings and participate in Auckland Airport's significant capital investment programme.

### **Use of Funds:**

The funds raised will be directed towards reducing net debt, paying off a \$150 million bond maturing in October 2024, and funding future capital projects under the \$6.6 billion aeronautical capital investment programme. This includes not only the Domestic Jet Terminal but also airfield upgrades and modern baggage handling systems, ensuring Auckland Airport remains a key gateway for New Zealand.

Auckland Airport's CEO, Carrie Hurihanganui, emphasised the significance of this investment, calling it a "once-in-a-generation" project that will future-proof the airport for decades to come. The ambitious infrastructure developments aim to keep Auckland Airport competitive on a global scale, while continuing to provide efficient service to passengers.

### **Key Dates:**

- 13 September 2024: Record date for determining eligible shareholders for the Retail Offer.
- 16 September 2024: Trading halt implemented; Placement bookbuild begins.
- 17 September 2024: Results of the Placement announced, and trading halt lifted.
- 19-20 September 2024: Settlement and trading of new shares from the Placement on ASX (19th) and NZX (20th).
- 19 September 2024: Retail Offer documents sent to eligible shareholders; Retail Offer opens.
- 4 October 2024: Retail Offer closes; no further applications accepted after this date.
- 11-14 October 2024: Allotment and trading of new shares under the Retail Offer on NZX (11th) and ASX (14th).


This equity raise represents a strategic step for Auckland Airport as it positions itself for future growth while ensuring operational resiliency and maintaining its investment-grade credit rating.

## Spotlight on Goodman Property: Your Exposure to Australian Property

The Australian Real Estate sector constitutes 6.89% of the ASX200, encompassing a broad range of property types, including infrastructure, commercial, office, retail/shopping centres, and social infrastructure. These companies are known as Real Estate Investment Trusts (REITs). In addition to managing physical properties, some REITs oversee the properties of other REITs. Key metrics to consider for REITs include their asset holdings, development pipeline, work in progress (WIP), occupancy rate, weighted average lease expiry (WALE), and loan-to-value ratio (LVR).

Goodman Group is a global specialist in industrial property and digital infrastructure, with operations in major consumer markets across Australia, New Zealand, Asia, Europe, the United Kingdom, and the Americas. Comprising the stapled entities Goodman Limited, Goodman Industrial Trust, and Goodman Logistics (HK) Limited, Goodman Group is the largest property group on the ASX, a top 20 entity by market capitalisation, and one of the largest listed specialist investment managers of industrial property globally. Goodman provides essential infrastructure for the digital economy by owning, developing, and managing high-quality, sustainable properties in key cities worldwide.

The A\$85 billion pipeline of data centres represents a significant growth opportunity for the company, as demand for data centres currently exceeds supply. Goodman Group's data centres make up 40% of the development WIP, and its global power bank has expanded to 5.0 GW across 13 major cities. The Group's prudent capital management approach has maintained a strong balance sheet, with low gearing at 8.4%, \$3.8 billion in cash, and available lines of credit, with no debt facility maturities until late 2025. These metrics indicate that Goodman Group is well-positioned to fund its \$13 billion growth and current WIP projects. Currently, the WALE is 5 years but is expected to increase to 12 years as more data centres and logistics projects are completed. With a high occupancy rate of 97.7%, Goodman Group meets the key metrics considered important when evaluating a REIT.

<b>Security Code</b>	GMG.asx				
<b>Description</b>	Goodman Group				
<b>Exchange</b>	ASX				
<b>Industry</b>	Industrial Property				
<b>Market Capitalisation (AUD)</b>	\$67.6 Billion				
<b>Index</b>	ASX 200				
<b>Weighting in Index</b>	2.61%				
<b>Current Price (AUD)</b>	\$	36.02			
<b>Target Price (AUD)</b>	\$	34.24			
<b>Discount to Target Price</b>	-4.94%				
<b>5 Year Hist Return</b>	26.46%				
<b>5 Year Hist Risk (SD)</b>	30.32%				
<b>Forecasts</b>	<b>6/2024A</b>	<b>6/2025F</b>			<b>6/2026F</b>
<b>PE Ratio</b>	27.63	26.29	15.76	11.42	
<b>Dividend Yield (%)</b>	2.86	2.65	4.38	6.07	
<b>Revenue (AUD)</b>	\$1.06 Billion	\$1.03 Billion	\$1.13 Billion	\$1.21 Billion	
<b>EBITDA (AUD)</b>	\$148 Million	\$147 Million	\$188 Million	\$222 Million	
<b>Net Debt (AUD)</b>	\$278 Million	\$452 Million	\$410 Million	\$301 Million	
<b>\$</b>	27.39	\$ 30.82	\$ 34.24	\$ 37.66	\$ 41.09
<b>Strong Buy</b>	<b>Buy</b>	<b>Hold</b>	<b>Sell</b>	<b>Strong Sell</b>	
		↑			

Goodman Property Group (ASX) is currently trading at a 4.94% premium to its consensus target price of \$34.24, yet Jarden analysts have set a higher target price of \$40, reflecting ongoing optimism about the company's growth potential. We see this as a buy opportunity, particularly with the favourable outlook for lower interest rates and improved economic conditions could further support Goodman's growth trajectory.

Upcoming Dividends: 17<sup>th</sup> September to 17<sup>th</sup> October.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
AUCKAIR	AIA	18-Sep-24	19-Sep-24	9.03 cps	4-Oct-24
BRISCOE	BGP	24-Sep-24	25-Sep-24	17.36 cps	9-Oct-24
COLMOTOR	CMO	26-Sep-24	27-Sep-24	27.78 cps	7-Oct-24
DELEGATS	DGL	3-Oct-24	4-Oct-24	27.78 cps	18-Oct-24
GENESISENRGY	GNE	25-Sep-24	26-Sep-24	9.72 cps	11-Oct-24
Marsden	MMH	20-Sep-24	23-Sep-24	7.99 cps	30-Sep-24
NZ Land	NZL	19-Sep-24	20-Sep-24	1.46 cps	18-Oct-24
NZX	NZX	18-Sep-24	19-Sep-24	4.17 cps	3-Oct-24
PLP Fund	PLP	18-Sep-24	19-Sep-24	1 cps	26-Sep-24
PORTTAUR	POT	19-Sep-24	20-Sep-24	12.08 cps	4-Oct-24
SKELLERUP	SKL	3-Oct-24	4-Oct-24	18.51 cps	18-Oct-24
TOURHOLD	THL	19-Sep-24	20-Sep-24	6.94 cps	4-Oct-24
Vulcan Steel	VSL	26-Sep-24	27-Sep-24	13.4 cps	10-Oct-24

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