

## Weekly Investment Update – Week ending 19 February 2021

### New Zealand

- A number of New Zealand companies reported first half FY21 results for the period ending 31 December starting with Contact Energy on Monday. Statutory profit was up 32% on the same period last year with operating cash flow up \$37 million of 31%. The Board approved an interim cash dividend of 14 cents per share which will be imputed up to 9 cents for qualifying shareholders. The Board also confirmed that the company will proceed with the \$580 million development of a new geothermal power station on the Tauhara field, near Taupo. Construction is expected to be completed mid-way through 2023. The Company announced a \$400 million capital raise to reduce net debt, fund the Tauhara project and provide financial flexibility for future growth projects.
- Medical supplies and pet food provider, EBOS, reported strong first half results with earnings growth across all major segments. Healthcare earnings before interest & tax (EBIT) was up 11%, driven by strong sales in the community pharmacy and institutional healthcare segments, while the Animal Care business was the standout with EBIT up 26%. The Animal Care business benefited from tail winds due to COVID-19 with the increased humanisation of pets and the premiumisation (making products more appealing to consumers by emphasising their superior quality and exclusivity) of products. The group did see some challenges in the medical consumables business with disruption of the daigou channel (a key method of distribution, with groups outside of China exporting for the Chinese market) and lower sales of high margin products such as cold and flu medicine. Trading conditions seen during the reported 6 months have continued into January and the groups maintain sufficient cash on hand to fund any future acquisitions.
- Fletcher Building released a pleasing result with an increase in earnings predominantly due to cost out initiatives. Revenue was up just 1% on the half year however EBIT was up 47%. Chief executive Ross Taylor attributed this improved profitability as the outcome of initiatives undertaken over the past three years. The result also featured strong cash flows and a sound balance sheet that allowed the Board to declare an interim dividend of 12 cents per share.

### Asia Pacific

- Reporting season in Australia continued last week with some of the largest names in the market releasing their results. Global specialty biotechnology company CSL released strong first half results for 2021 with reported net profit up 44%. Notable highlights included solid growth in their core immunoglobulin portfolio, transition to own distribution model in China and strong performance by Seqirus, its flu vaccination business. Record demand was seen in the half for influenza vaccines however given the seasonal nature of the business, management is guiding to a loss in the second half. COVID-19 had a significant impact on CSL's plasma collections however the company has implemented a number of initiatives to increase

plasma collections and remains an industry leader in this space.

- The February Reserve Bank of Australia's Board Minutes contained little new information but reiterated their positive assessment of the economic outlook and highlighted the three key factors in driving its decision to extend QE: the effectiveness of the bond purchases, the decisions of other central banks, and most importantly the outlook for inflation and employment.

### United States

- Facebook faced a worldwide backlash from publishers and politicians on Thursday after blocking news feeds in Australia in a surprise escalation of a dispute with the government over a law to require it to share revenue from news. Facebook wiped out pages from Australian state governments and charities as well as from domestic and international news organisations, three days before the launch of a nationwide COVID-19 vaccination programme. Though the measure was limited to Australia, denunciations came from far afield, with politicians elsewhere describing it as an attempt to put pressure on governments that are considering similar measures around the world. The dispute centres on a planned Australian law that would require Facebook and Alphabet's Google to reach commercial deals to pay news outlets whose links drive traffic to their platforms or agree a price through arbitration. Facebook said it had blocked a wide swathe of pages because the draft law did not clearly define news content. It said its commitment to combat misinformation had not changed, and it would restore pages that were taken down by mistake.

Market Performance for the period 12 Feb 2021 - 19 Feb 2021											
Index	Stocks			Bonds			Commodities				
	Last	Change	% change	Bond Yield (%)	Last	Change	% change	Last	Change	% change	
NZX50	12548.6	-41.0	-0.3%	NZ OCR	0.25	0.00	0%	Oil - WTI	59.2	-0.23	0%
ASX200	6793.8	-12.9	-0.2%	NZ 2Y Govt	0.23	0.01	6%	Oil - Brent	62.9	0.48	1%
DJIA	31494.3	35.9	0.1%	NZ 5Y Govt	0.83	0.13	18%	Gold	1784.3	-39.98	-2%
S&P500	3906.7	-28.1	-0.7%	NZ 10Y Govt	1.51	0.21	16%	Silver	27.3	-0.07	0%
NASDAQ	13874.5	-221.0	-1.6%	AU 10Y Govt	1.43	0.21	17%	Copper	407.4	28.60	8%
Nikkei 225	30017.9	497.8	1.7%	US 10Y Govt	1.34	0.13	11%	Aluminium	2114.8	29.50	1%
Hang Seng	30644.7	471.2	1.6%	DE 10Y Govt	-0.31	0.12	-28%	Platinum	1276.2	19.84	2%
FTSE 100	6624.0	34.2	0.5%	GB 10Y Govt	0.70	0.18	35%	Iron Ore	168.4	7.81	5%
Currencies			Commodities								
Currency	Last	Change	% change	Commodity	Last	Change	% change				
NZD:USD	0.73	0.008	1.1%								
NZD:AUD	0.93	-0.003	-0.3%								
AUD:USD	0.52	0.000	0.0%								
EUR:USD	0.79	0.011	1.4%								
GBP:USD	1.21	0.000	0.0%								
USD:JPY	1.4	0.017	1.2%								
USD:CNY	105.45	0.510	0.5%								
Bitcoin:USD	55629	7682	16.0%								

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