BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

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Bramwell Brown Limited – Newsletter – February 2025

Ryman Healthcare

Ryman Healthcare is again coming to the market to strengthen its balance sheet. Only two years ago Ryman raised just under $1 billion at a price of $5.00 after running into difficulty with debt. The Covid pandemic didn't help them, with construction delays and staffing issues, however debt was the real issue. At the time analysts were positive about the reset, and the share price rallied to $7.00 shortly afterwards. However, since then no dividend has been paid, and the share price has reduced to as low as $3.50. Shareholders may well be beginning to lose patience.

Ryman is now offering existing shareholders the opportunity to buy one share for each 3.05 shares already held, at a price of $3.05. The offer is being conducted in conjunction with a placement of shares to institutional investors to raise approximately $1 billion. The offer to retail shareholders is non-renounceable, which means you can not sell your entitlement to other investors. Often with non-renounceable offers the company runs a shortfall bookbuild, whereby entitlements not taken up by shareholders are sold to other investors, with the proceeds paid back to existing shareholders. This is not the case with the Ryman offer. <u>If a shareholder does not participate in the entitlement offer, their shareholding will be diluted by approximately 32%.</u>

- Retail Entitlement Offer Opening Date – Thursday February 27th
- Retail Entitlement Offer Closing Date – Monday March 10th.

Shareholders will be able to apply online at https://ryman.capitalraise.co.nz
Each shareholder will receive details of their number of entitlements, and a personalised entitlement number.
You can read the Offer Document at:
https://www.bramwellbrown.co.nz/wpcontent/uploads/2025/02/Offer-Document.pdf
You can read the Investor Presentation at:
https://www.bramwellbrown.co.nz/wp-content/uploads/2025/02/Investor-Presentation.pdf

Markets

2025 has started with plenty of volatility in markets; some of it thanks to the Donald Trump effect. In early February Trump announced tariffs of 25% on goods imported from Canada and Mexico. The next day he agreed to suspend those tariffs for thirty days. He has imposed a 10% tariff on goods from China, with China retaliating immediately. Trump says tariffs on the UK and Europe are also on the table. This follows a period of nervousness following the revelation that the Chinese artificial intelligence (AI) company DeepSeek has developed an app to rival ChatGPT at a fraction of the cost. Tech stocks in the US have performed well in the last few years, however the DeepSeek news has many analysts questioning whether valuations are stretched.

Volatility leads to uncertainty – something financial markets don't like. I recently attended a Sydney investment conference online, and the consensus of the presenters was that we should expect more volatility throughout the year. Trump seems to have the ability to create policy on the fly, with no real understanding of the downstream effects. I also wonder how long his love affair with Elon Musk will last. Two of the biggest egos in the world working together may not be a recipe for success.

Official Cash Rate

As expected, the Reserve Bank has again reduced the Official Cash Rate (OCR). The OCR was cut by 50 basis points to 3.75% on February 19th.

Here is a brief summary:

Annual consumer price inflation remains near the mid-point of the Monetary Policy Committee's 1 to 3 percent target band. The economic outlook remains consistent with inflation remaining in the band over the medium term, giving the Committee confidence to continue lowering the OCR. Economic activity in New Zealand remains subdued. Economic growth is expected to recover during 2025. Lower interest rates will encourage spending, although elevated global economic uncertainty is expected to weigh on business investment decisions. Global economic growth is expected to remain subdued in the near term. Geopolitics, including uncertainty about trade barriers, is likely to weaken global growth. Consumer price inflation in New Zealand is expected to be volatile in the near term, due to a lower exchange rate and higher petrol prices. The net effect of future changes in trade policy on inflation in New Zealand is currently unclear. Nevertheless, the Committee is well placed to maintain price stability over the medium term. If economic conditions continue to evolve as projected, the Committee has scope to lower the OCR further through 2025.