



Republic Wealth Management Limited

Agostini's Limited (AGL)

31 March 2021 (Q2 2021)

Last Price	\$24.40	52 Week Range	\$21.77 to \$26.00	Market Cap	\$1,686.13 MM
Sector	Trading	Dividend Yield TTM	3.28%	EPS (TTM)	\$1.91
PE Ratio (TTM)	12.77x	YTD Price Change	1.71%	2021E P/E	9.79x
Payout Ratio	32.31%	Total Return TTM	12.04%		

Main revenue segments remain stable despite COVID-19 effects on economy

Quarterly Highlights/ Key Update

- Agostini's Limited (AGL) is a limited liability company engaged in trading and distribution, interior building contracting and manufacturing/packaging of food products.
- On 15th April 2021, the Group's subsidiary, Smith Robertson & Company Limited completed the acquisition of Oscar Francois Limited and Intersol Limited leading to some acquisition and integration costs, however they expect the business to be accretive to earnings in the short term.
- Coreas Distribution Limited, a subsidiary of the Group, was scheduled to complete its new distribution centre in Diamond, St. Vincent by September 2021. However, the eruption of Mt. Soufriere will negatively impact the completion of the distribution centre as well as the normal operations of the company.

Table 1: AGL EPS, DPS and Dividend yield for fiscal year end

	2017	2018	2019	2020
Earnings per share	\$1.34	\$1.66	\$1.76	\$1.83
Dividends per share	\$0.56	\$0.61	\$0.79	\$0.80
Dividend Yield	2.78%	2.66%	3.29%	3.40%

Figure 1: AGL's Revenue performance by segment (TT\$ Billions)

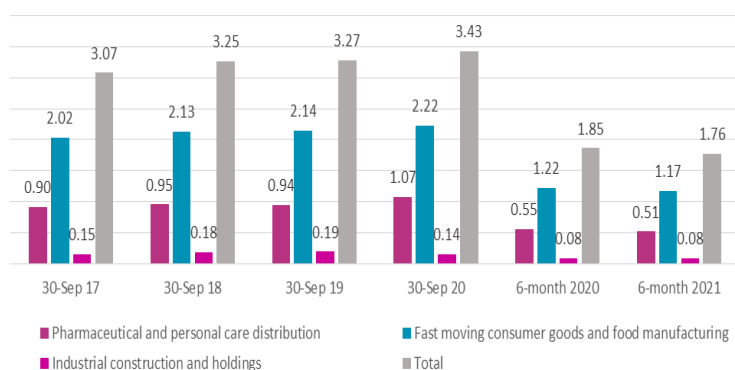


Table 2: Peer group comparables

	AGL	PHL	Group Average
P/E Ratio	12.77x	N/A	N/A
P/B Ratio	1.39x	1.72x	1.56x
Dividend Yield	3.28%	N/A	N/A

- Compared to its peer group (Table 2), which consists of other locally listed companies in the Trading sector, undervalued P/B basis.

Performance Review/ Financials

Highlights (TT \$'Million)	Annual			6-month end	
	Sep-20	Sep-19	Sep-18	6M 2021	6M 2020
Revenue	3,425.50	3,272.10	3,252.40	1,760.50	1,854.60
EBIT (Reported)	276	246.6	218.2	160.1	150.5
Profit before Tax	239.6	218.6	200.9	144.4	132.7
Profit for the Year	168.9	162.9	145.4	101.6	93.4
Total Assets	2,709.20	2,537.40	2,480.80	2,698.20	2,794.20
Total Liabilities	1,172.10	1,056.00	1,109.20	1,093.20	1,250.90
Total Equity	1,537.20	1,481.40	1,371.60	1,605.00	1,543.30
EBIT Margin	8.10%	7.50%	6.70%	9.10%	8.10%
NI Margin	4.90%	5.00%	4.50%	5.80%	5.00%
Debt/Equity	0.39x	0.30x	0.36x	NA	NA
ROA	6.20%	6.40%	5.90%	3.80%	3.30%
ROE	11.00%	11.00%	10.60%	6.30%	6.10%

- For the half year ended March 2021, Group revenue declined by 5% to \$1.76B compared to \$1.85B over the same period of the prior year. The reduction in top line performance, particularly in Pharmaceutical and Fast moving consumer goods (FMCG) segments, is a reflection of the non-occurrence of the excessive purchasing during the second quarter in 2020 due to the onset of the Coronavirus pandemic.
- Despite the drop off in revenue, the Group had improved efficiencies and cost management across all segments resulting in a 6.40% growth in Operating Profit to \$160.1M for the first half of 2021 as compared to \$150.5M for the same period of 2020.
- The results of the improved operations filtered down into the bottom line as Net Profit increased by 8.76% to \$101.6M as compared to \$93.4M recorded for the first half of 2020.

Key Risks

- Domestic economic recovery remains tentative; the successful and sustained re-opening of the economy is reliant on the success of the Government's vaccination drive and the containment of the spread of COVID-19.
- Possible devaluation of the Trinidad and Tobago dollar together with limited supply of foreign exchange may negatively impact the FMCG and Pharmaceutical segments.



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Figure 2: AGL share price vs ALL T&T Index

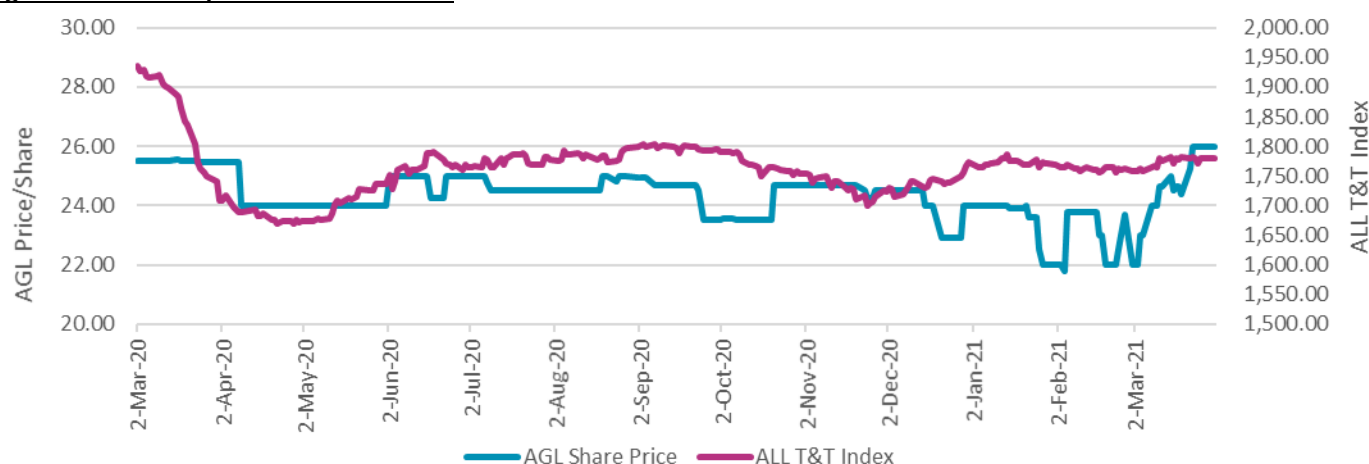


Table 3: Historic Dividend Payments (TTD)

	Payment Dates	Interim Dividends	Total Dividend per share
2017	Jun-17	\$0.22	\$0.56
	Jan-18	\$0.34	
2018	Jun-18	\$0.23	\$0.61
	Jan-19	\$0.38	
2019	Jun-19	\$0.25	\$0.79
	Jan-20	\$0.54	
2020	Jun-20	\$0.25	\$0.80
	Jan-21	\$0.55	
2021	Jun-21	\$0.25	\$0.25

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