



Republic Wealth Management Limited Angostura Holdings Limited (AHL)

30 June 2021 (Q2 2021)

Last Price	\$16.48	52 Week Range	\$14.60 to \$17.05	Market Cap (TT\$)	\$3,400 MM
Sector	Manufacturing I	Dividend Yield TTM	1.03%	EPS (TTM)	\$0.74
PE Ratio (TTM)	20.9x	YTD Price Change	0.49%	2021E P/E	24.4x
Payout Ratio	24.08%	Total Return TTM	11.79%	P/E 5-Yr	24.6x

Profit growth driven by Foreign Markets

Quarterly Highlights/ Key Update

- AHL main business segments include: Rum, Bitters, LLB, Bulk and Other. AHL has successfully marketed its iconic bitters in approximately 170 markets including Africa, Asia, Europe and the Caribbean.
- AHL's revenue continues to be driven by innovation along with the strategic maximizing of opportunities from the adjustments in consumption trends, specifically at-home consumption and off-trade purchasing.
- AHL's growth in the foreign markets has rebounded due to the continuing recovery of the global economy following the impact of the COVID-19 pandemic in 2020.
- The company also transitioned to cashless operations to support its new initiatives in digital banking and security management.

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

	2017	2018	2019	2020
Earnings per share	\$0.54	\$0.63	\$0.69	\$0.71
Dividends per share	\$0.21	\$0.24	\$0.26	\$0.30
Dividend Yield	1.40%	1.51%	1.60%	1.04%

Figure 1: AHL's Revenue performance by segment (TT\$ Millions)



Table 2: Peer group comparables

	AHL	WCO	Group Average
P/E Ratio	20.90x	20.13x	20.52x
P/B Ratio	2.60x	12.97x	7.79x
Dividend Yield	1.03%	4.81%	2.92%

- Compared to its peer group (Table 2), which consists of other locally listed companies in the Manufacturing I sector, AHL is in line with the market on a P/E basis and undervalued P/B basis. AHL's dividend yield is considerably below the group average.

Performance Review/ Financials

Highlights (TT \$'Million)	Annual			6-month end	
	20-Dec	Dec-19	Dec-18	6M 2021	6M 2020
Revenue	905.40	847.20	783.70	370.40	358.50
Gross Profit	427.1	417.5	391.5	176.3	166.6
Profit before Tax	212.7	199.2	177.6	74	61.5
Profit for the year	145.6	142.7	129.9	55.6	40.8
Total Assets	1,477.10	1,354.30	1,215.90	1,495.90	1,335.40
Total Liabilities	236.50	224.20	160.70	199.70	153.10
Total Equity	1,240.70	1,130.10	1,055.20	1,296.20	1,182.30
EBT Margin	23.50%	23.50%	22.70%	20.00%	17.20%
NI Margin	16.10%	16.80%	16.60%	15.00%	11.40%
ROA (TTM)	9.90%	10.50%	10.70%	10.70%	9.80%
ROE (TTM)	11.70%	12.60%	12.30%	12.40%	11.10%

- Top line growth expanded by 3.31%, with revenue increases driven by recovery in the international market which contributed \$43.6M to revenue growth. This was offset by the contraction in the local market, as revenue challenges in the local market was more severe in 2021 as compared to the first year of the pandemic.
- The Profit before Tax (PBT) stood at \$74.0M for the first half year of 2021 as compared to \$61.5M for the same period of the prior year. The 20.2% growth in PBT was attributable to the combination of better gross profit margins, improvements in the international markets and increased returns on the investment of surplus funds.
- The improved financial performance resulted in Net Income of \$55.6M for the first half of 2021, a 36.1% uptick from the same period in 2020.

Key Risks

- Domestic economic recovery remains tentative and 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.
- Export growth is contingent on the continued global recovery from the pandemic.
- Price increases of raw materials and supplies will have a materially adverse impact on the company's profitable operations.



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



Table 3: Historic Dividend Payments (TTD)

	Payment Dates	Interim Dividends	Total Dividend per share
2017	Sep-17	\$0.09	\$0.21
	Jul-18	\$0.12	
2018	Aug-18	\$0.09	\$0.24
	Jul-19	\$0.15	
2019	Aug-19	\$0.09	\$0.26
	Oct-20	\$0.17	
2020	Sep-21	\$0.30	\$0.30
2021	Oct-21	\$0.09	\$0.09

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