



Republic Wealth Management Limited

Guardian Holdings Limited

30 June 2021 (Q2 2021)

Last Price	\$32.52(TTSE) \$648.33(JSE)	52 Week Range (TTSE)	\$17.99 - \$35.12	Market Cap \$MM	TTSE \$7,545 JSE \$150,429
Sector	Non-banking Finance	52 Week Range (JSE)	\$582.48 - \$968.99	Dividend Yield	0.0%
Payout Ratio	23.72%	EPS (TTM)	TT \$3.34	P/E (TTM)	6.26x
Total Return TTM	71.88%	Price Change TTM	71.88%	2021E P/E	9.86x

HY 2021 profits grew 56% YoY due to significant growth in investing activities

Quarterly Highlights/ Key Update

- Guardian Holdings Limited (GHL) main business segments include: Life, Health and Pensions, Property and Casualty, Asset Management and Strategic Alternative Investments (figure 1).
- In 2019, NCB Financial Group Ltd (NCBFG) acquired 74.23MM ordinary shares in GHL, increasing its shareholding from 30% (in 2016) to 62%. In addition, GHL's Jamaican Life Insurer, Guardian Life Ltd., acquired the insurance and annuities portfolio of NCB Insurance Co. Ltd. effective September 30, 2020.
- In July 2021, NCB Financial Group Ltd (NCBFG) sold approximately 2M GHL ordinary shares on the Jamaica Stock Exchange. The balance of ordinary shares held by NCBFG in GHL is approximately 141.77M, reducing its holdings to 61.10%.
- GHL and NCBFG are listed on both the Trinidad and Tobago Stock Exchange (TTSE) and the Jamaica Stock Exchange (JSE).
- GHL did not pay dividends for 2020 due to the negative impact of the pandemic.

Table 1: GHL EPS, DPS and Dividend yield for fiscal year end (TTD)

	2017	2018	2019	2020
Earnings per share	\$1.75	\$2.30	\$2.98	\$3.34
Dividends per share	\$0.67	\$0.71	\$0.75	-
Dividend Yield	3.9%	3.8%	3.3%	0.0%

Figure 1: GHL Net Income from all activities by segment (TT\$ Millions)

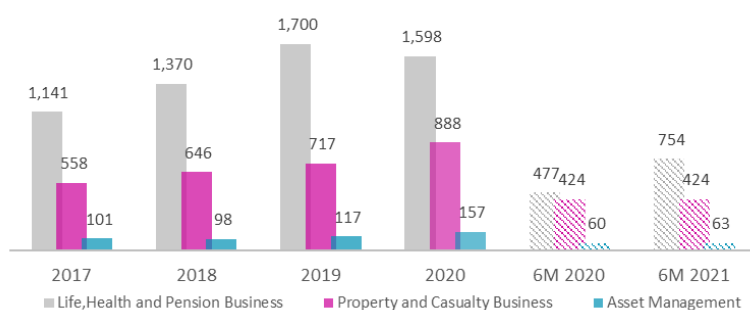


Table 2: Peer group comparable

	AMBL	GHL	Group Average
P/E Ratio	14.01x	6.26x	10.14x
P/B Ratio	1.30x	1.04x	1.17x
Dividend Yield	-	-	-

- Compared to its peer group (Table 2), which consists of other locally listed companies in the Non-banking finance sector, GHL is relatively undervalued on a P/E and on a P/B basis.

Performance Review/ Financials

Highlights (TT \$MM)	Annual			6-months end	
	Dec-20	Dec-19	Dec-18	Jun-21	Jun-20
NI Insurance	\$1,413	\$959	\$863	\$417	\$551
NI Investing	\$989	\$1,370	\$1,013	\$770	\$316
Total NI	\$2,546	\$2,445	\$2,026	\$1,259	\$939
Operating Profit	\$1,004	\$837	\$687	\$329	\$223
Net Income	\$774	\$692	\$534	\$256	\$165
Total Assets	\$33,025	\$30,068	\$28,025	\$34,305	\$30,108
Total Liabilities	\$28,349	\$26,104	\$24,604	\$29,653	\$26,217
Total Equity	\$4,676	\$3,964	\$3,421	\$4,652	\$3,891
EBIT Margin	39.45%	34.20%	33.90%	26.10%	23.79%
NI Margin	30.42%	28.30%	26.40%	20.35%	17.52%
Debt/Equity	70.09%	63.80%	68.00%	72.04%	64.65%
ROA	4.69%	2.38%	1.91%	2.52%	3.46%
ROE	33.13%	18.87%	15.94%	18.62%	26.78%

- For FY 2020, net income from all activities was 4% higher at TT\$2,546 MM and GHL's net profit was 12% higher than FY 2019. Net profit for HY 2021 was \$256 million, an increase of 56% over profit recorded in HY 2020.
- In HY 2021, net income from investing activities increased by 144% from \$316MM in HY 2020 to \$770MM. This increase was primarily due to net fair value gains which increased to a gain of \$111 million in HY 2021 from a loss of \$309 million in HY 2020.
- In HY 2021, net income from insurance activities decreased by 24% YoY due to the Trinidad Life, Health and Pension business experiencing an increase in policy lapses and a decrease in premium collection as a result of lockdowns triggered by COVID-19. For FY 2020, although the Life, Health and Pension business stayed flat YoY, Property and Casualty (General Insurance) business increased by 8% YoY.

Key Risks

- The COVID-19 pandemic will continue to materially impact the economies in all the jurisdictions where the Group operates.
- GHL's financial performance is sensitive to the performance of its investment portfolio. There continues to be increased volatility in the local, regional and international markets.
- The geographic concentration of GHL within the Caribbean basin exposes the company to the effects of natural disasters.



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Chart 2: GHL share price (TTSE & JSE)

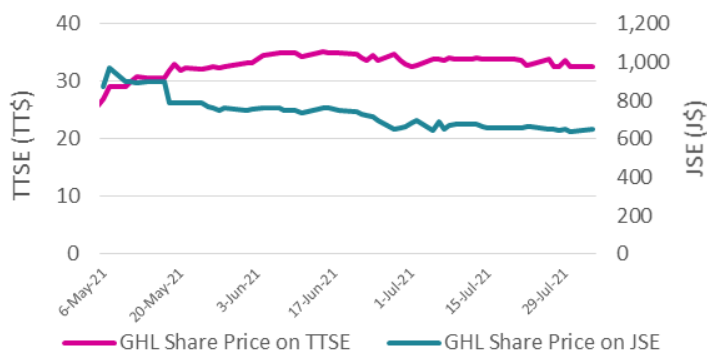


Chart 3: Geographical Distribution of Revenue



Table 3: Historic Dividend Payments (TTD)

	Payment Dates	Interim Dividends	Total Dividend per share
2017	Apr-17	\$0.45	\$0.67
	Sep-17	\$0.22	
2018	Sep-18	\$0.23	\$0.71
	Apr-19	\$0.48	
2019	Sep-19	\$0.24	\$0.75
	Apr-20	\$0.51	
2020	-	-	-
2021	Aug-21	\$0.18	\$0.18

*No dividends were paid in 2020

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