



Republic Wealth Management Limited

Angostura Holdings Limited

June 30th (Q2 2023)

Last Price TT	\$22.51	52 Wk. Range (TTSE):	\$22.15	\$26.98	Market Cap (TTSE):	\$4,633MM
YTD Price Change:	(6.21%)	EPS (TTM):	\$0.76		Dividend Yield (TTM):	1.57%
Sector:	Manufacturing I	P/E (5 YR):	25.90x			

AHL's after-tax profits jump 15% YoY as 1H revenues rise

Company Overview:

- Angostura is a leading rum manufacturer in the Caribbean. Its main business segments include: Rum, Bitters, LLB, Bulk and Other (Chart 3).
- Its geographic reach extends into 170 markets including North America, Australasia and the EMEAA (Europe, Middle East, Africa, and Asia).
- In December 2022, AHL introduced another flavour to its Angostura Chill line - Ginger and Bitters. It also produced limited edition premium rums, Zenith and Ferdi's, during the year, along with Correia's Pink Moscato.
- The ordinary shares of AHL are listed on the Trinidad and Tobago Stock Exchange (TTSE).

Performance Review/ Financials

Highlights (TT \$'M)	Annual			6-month	
	Dec-20	Dec-21	Dec-22	Jun-23	Jun-22
Revenue	\$905.00	\$921.00	\$1,030.00	\$474.00	\$460.00
Gross Profit	\$427.00	\$432.00	\$477.00	\$255.00	\$233.00
Profit before tax	\$212.00	\$214.00	\$204.00	\$112.00	\$98.00
Profit after tax	\$145.00	\$158.00	\$145.00	\$78.00	\$68.00
Total Assets	\$1,477.00	\$1,577.00	\$1,699.00	\$1,728.00	\$1,675.00
Total Liabilities	\$236.00	\$242.00	\$312.00	\$264.00	\$273.00
Total Equities	\$1,240.00	\$1,334.00	\$1,387.00	\$1,464.00	\$1,402.00
EBT Margin	23.50%	23.30%	19.80%	23.60%	21.40%
Net Profit Margin	16.10%	17.20%	14.10%	16.40%	14.70%
ROA	9.90%	10.00%	8.50%	4.50%	4.00%
ROE	11.70%	11.90%	10.50%	5.30%	4.80%

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

	2019	2020	2021	2022	6M 2023
Earnings per share	0.69	0.71	0.77	0.71	0.38
Dividends per share	0.24	0.17	0.39	0.36	0.10
Dividend Yield	1.48%	1.04%	2.17%	1.48%	0.44%

Table 2: Peer to group comparable

	WCO	AHL	NFM	UCL	Average
P/E Ratio	13.14	30.24	7.23	11.42	15.51
P/B Ratio	5.65	3.23	0.67	1.17	2.68
Dividend Yield	8.88%	1.57%	1.95%	23.35%	8.94%

Key Risks

- Inflation may reverse the recent declining trend in raw material and other costs, thereby eroding profitability, if AHL is unable to sustain the benefits from its cost management strategies.
- Supply chain disruptions may adversely impact the company's bottom line.
- Export growth may prove challenging while global economies battle inflation

- AHL's 1H revenue increased year-over-year by TT\$13.8M to TT\$473.8M (+3.0%), driven largely by increased sales locally (+3.0%) and internationally (+1.3%). On the local front, sales of rum and Angostura chill increased by a combined TT\$7.4M year-over-year, while increased sales in the US market saw Bitters exports rise by TT\$3.1M.
- The company's cost of sales declined YoY by TT\$7.8M or 3.4% to TT\$219.3M, resulting in higher gross profit of TT\$254.5M (+9.3%). Thus, AHL's gross profit margin for 1H23 increased to 53.7%, compared to 50.6% for the comparative period one year prior. Meanwhile, operating expenses rose at a slower pace YoY to TT\$150.5M (+5.0%), as the company's higher SM&A expenses (TT\$16.2M; +12.2%) offset the lower ECLs and other expenses (TT\$9.0M; -89.9%). Consequently, operating margin improved from 19.5% for 1H22 to 21.9% for 1H23.
- Overall, AHL's Profit after Tax (PAT) rose \$10.2M (+15.0%) YoY to TT\$77.8M for the six-month period under review, with its net margin increasing to 16.4% versus 14.7% one year prior.
- AHL's assets base grew by 3.2% to TT\$ 1.73B YoY, reflecting higher inventories (+16.0%) and cash (+38.9%) partially offset by a net decrease in investments and retirement benefit asset (-7.10%). Total liabilities fell YoY to TT\$263.9M (-3.3%), due to lower payables (TT\$26M; -17.8%) which was tempered by borrowings of TT\$20M. Shareholders' equity rose by 4.4% YoY to TT\$1.5B. The company's ROA and ROE for the first half of 2023 stood at 4.5% and 5.3% respectively.



Figure 2: AHL's share price vs ALL T&T Index

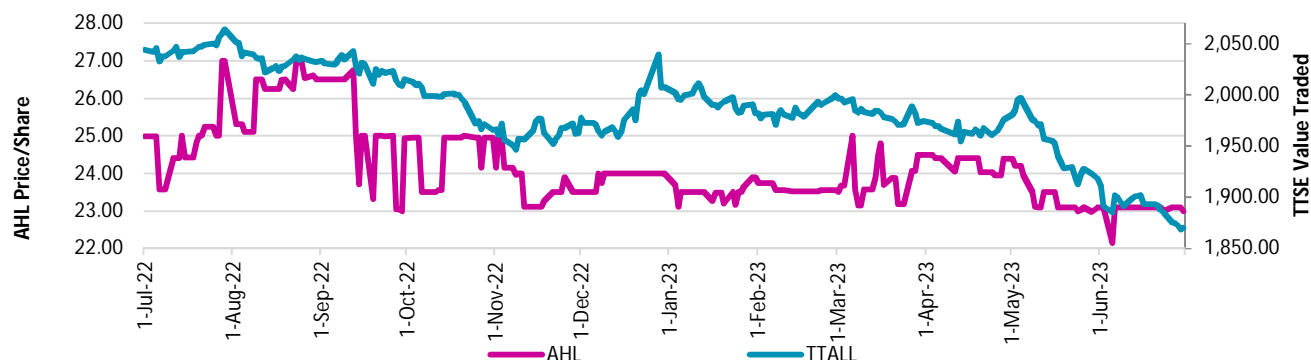


Figure 3: Chart 3: AHL Revenue from all activities by segment (TT\$'000s)*

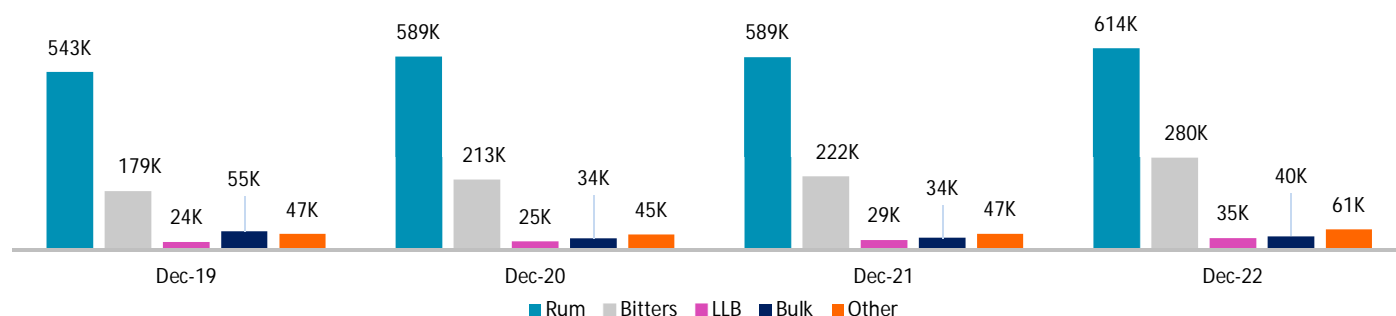


Table 3: Historic Dividend Payments (TTD)

Year	Payment Type	Payment Dates	Dividends	Total Dividend per share
2018	Interim	Aug-18	\$0.09	\$0.24
	Final	Jul-19	\$0.15	
2019	Interim	Aug-19	\$0.09	\$0.26
	Final	Oct-20	\$0.17	
2020	Final	Sep-21	\$0.30	\$0.30
2021	Interim	Oct-21	\$0.09	\$0.35
	Final	Jul-22	\$0.26	
2022	Interim	Sep-22	\$0.10	\$0.35
	Final	Jul-23	\$0.25	
2023	Interim	Sep-23	\$0.10	\$0.10

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