

# WISE WEEKLY MARKET UPDATE

August 06, 2004

## **Main Board**

### **Market Data**

Volume: 1,914,427  
Value \$35,812,364.35  
Advances/Declines: 8/2  
Composite Index: 915.71  
Nominal Change in Index: + 1.6981  
Percentage Change in Index: + 0.19 per cent  
All T&T Index: 1,162.83  
Nominal Change in All T&T Index: + 0.9843  
Percentage Change in All T&T Index: + 0.08 per cent

### *Volume Leaders by Company:*

RBTT Financial Holdings Ltd. – 359,089 (18.76 per cent)  
Guardian Holdings Ltd. – 328,132 (17.14 per cent)  
National Enterprises Ltd. 288,960 (15.09 per cent)

### *Major Advances.*

Capital & Credit Merchant Bank up 20 cents (10.00 per cent)  
Flavorite Foods Ltd. up 10 cents (2.33 per cent)  
Trinidad Publishing Co. Ltd. up 20 cents (2.23 per cent)

### *Major Declines*

BWIA (West Indies) Airways down 15 cents (27.27 per cent)  
National Flour Mills down 5 cents (1.56 per cent)

### **Exchange Rate**

US\$1 = TT\$6.2899

### **Second Tier Market**

Mora Ven Holdings and FNCU share prices closed the week unchanged at \$2.70 and \$1.05 respectively. There were no trades in either share.

### **Mutual Fund Market**

Praetorian Property Mutual Fund traded firm at \$5.10 per share with a total of 4,000 shares crossing the floor this week.

### **Weekly Summary**

The Composite index inched up 1.6981 points or 0.19 per cent to close the week on 915.71 points, while the All T&T index moved up marginally by 0.9843 points or 0.08 per cent to 1,162.83 points.

In a week of relatively light trading, a total of 1,914,427 shares exchanged hands for a total value of \$35,812,364.35. RBTT Financial Holdings Ltd. led the trading volumes with a total of 359,087 shares crossing

the floor representing 18.76 per cent of all trades. Guardian Holdings Ltd. had the second largest volume with 328,132 shares traded for 17.14 per cent of total volume and rounding off the top three, National Enterprises Ltd. shares traded reached 288,960 for 15.09 per cent of total trades.

Capital & Credit Merchant Bank led share price advances, moving up 20 cents or 10 per cent to close at \$2.20. Flavorite Foods share price gained 10 cents or 2.33 per cent and ended the week up 2.33 per cent, while Trinidad Publishing Co. Ltd. share price increased by 20 cents, up 2.23 per cent to \$9.15.

On the down side, BWIA (West Indies) Airways lost 15 cents or 27.27 per cent to close at 40 cents per share and National Flour Mills share price ended the week down 5 cents or 1.56 per cent to reach \$3.15.

### **Sagicor Financial Corporation**

The price of Sagicor shares remained unchanged at \$4.15BDS. A total volume of 79,487 shares traded this week.

### **Trinidad Cement Limited**

#### *Half year results for the period ended June 30, 2004*

Group revenues increased by 14.92 percent to \$670.271 million for the first half of 2004 compared with \$583.251 million generated in the first half of 2003. The increase in revenue was largely due to a pick up in the cement market where sales increased by 18 per cent in the domestic markets of Barbados, Trinidad and Tobago and Jamaica. The contribution to revenue by the Jamaican subsidiary, Caribbean Cement Company Limited, was significantly higher for the period under review as the subsidiary's revenue improved by 35.98 per cent due to a 32.41 per cent rise in the sale of cement in the Jamaican market. The subsidiary's market share in Jamaica increased to 91 per cent from 72 per cent as a result of the Jamaica Anti-Dumping and Subsidiaries Commission maintaining its decision to keep the 25.83 per cent duty on imported cement. Additionally cement importers will have to pay a 15 per cent common external tariff (CET), bringing the total duty on imported cement in Jamaica to 40.83 per cent.

Operation profit increased by 13.93 per cent from \$135.901 million in 2003 to \$154.830 million in 2004. Group operating margin fell slightly in the first half of 2004 to 23.10 per cent from 23.30 per cent in the similar period in 2003 due to increased operation cost from unscheduled plant stoppages. Finance cost

increased over the period under review by 18.83 per cent to \$58.019 million in 2004 from \$48.824 million in 2003. This increase was due to a reduction in interest income from the disposal of the Group's fixed income securities at the end of 2003. The Chairman in his report however indicated that the Group will be refinancing approximately 43 per cent of its debt at a lower rate of interest.

Profit before taxation rose by 11.18 per cent to \$96.811 million in 2004 from \$87.077 million in 2003. Provision for taxation fell by 2.38 per cent for the first half of 2004 to \$19.444 million compared with \$19.919 million in 2003 as the Group's effective tax rate fell in 2004 to 20.08 per cent compared with 22.88 per cent rate paid in 2003. Profit after taxation consequently increased by 15.20 per cent to \$77.367 in 2004 from \$67.158 million in 2003. Profit attributable to shareholders improved by 15.96 per cent after minority interest to \$69.596 million in 2004 from \$60.019 million in 2003. Group earnings per share increased to 29 cents for the first half of 2004 compared with 25 cents in the similar period of 2003.

The Chairman in his report indicated that the outlook for the Group for the second half of 2004 remains positive as they foresee the cement market remaining buoyant. The Group also started upgrading the Trinidad plant to facilitate the increased demand for cement and propose to re-engage the implementation of the capacity upgrade project in Jamaica. The Group anticipates that when all these upgrades are completed that it will lead to a reduction in operating cost as they expect significant improvement in efficiency and productivity to be derived from these upgrades.

The Board of Directors has declared the payment of an 8 cents interim dividend, the same as the similar period in 2003, based on these results. The dividend will be paid on October 15, 2004 to all shareholders on the register as at October 1, 2004

We are forecasting a full year's earnings of 60 cents, and a total dividend payment of 19 cents based on these results. The forecasted EPS represents a 20 per cent increase over last years earnings of 50 cents. At the current trading price of \$6.60 the share is trading at a price/earnings ratio of 11 times and a dividend yield of 2.88 per cent given our estimations.

**Grace, Kennedy & Company Ltd.**

*Results for the Half-year ended 30 June 2004*

*Amounts in Jamaican Dollars*

*Exchange Rate TT\$1.00 – JCA\$9.81*

Interim results show continued growth in Group revenue and profit attributable to shareholders when compared with the same period in the previous year. For the six-months to 30 June 2004, Group revenue increased by 39.13 per cent to reach \$14.8 billion, however, expenses increased by 41.29 per cent to \$13.7 billion resulting in Trading Profit of \$1.1 billion, up 16.09 per cent.

Other operating income grew from \$23 million to \$152.8 million, conversely, net finance income fell 52.34 per cent to \$56.3 million, and the Group's share of results from associated companies was down 35.55 per cent to \$57.1 million. Profit before tax was up 16.05 per cent to \$1.33 billion, while profit after tax rose 16.16 per cent to \$955.4 million. Profit attributable to shareholders was up 15.12 per cent to reach \$912.4 million. The Group posted earnings of \$2.75 per share which compares with \$2.43 in 2003, up 13.17 per cent.

While revenue and profits increased when compared to last year, the Group's profitability and efficiency ratios declined over the period due mainly to the more than proportionate increase in operating expenses compared with the increase in revenue. Although trading profit margin fell from 8.58 per cent to 7.16 per cent, there was a narrowing of the gap for operating profit margin, which fell from 8.80 per cent to 8.19 per cent due to the significant increase in other operating income. However, net profit margin was down from 7.72 per cent to 6.45 per cent on account of the major decline in finance income and GKC share of profits from associate companies. Capital employed grew 16.77 per cent to \$12.3 million, which when compared with a net profit increase of 16.16 per cent, shows a slip in the annualized return on capital employed from 15.63 per cent to 15.55 per cent.

The Food trading, Financial services and Information segments are reported to have performed well, on the other hand the Group experienced mixed results from the Retail trading and Maritime segments. The Food trading segment continues to be the number one contributor to Group revenue but has the least profit margin at 0.54 per cent.

	Revenue (\$'000)	Profit (\$'000)	Margin
Food trading	5,372,526	28,992	0.54%
Retail & trading	4,996,858	113,744	2.28%
Financial services	2,916,369	538,541	18.47%
Maritime	178,320	36,000	20.19%
Information	1,345,564	249,482	18.54%

**Note: The above table excludes consolidation adjustments of \$108,365 and Unallocated income of \$138,478 in the profit determination**

Although the Maritime segment has the least contribution to revenue, it is the segment with the largest profit margin. However, with the mixed results coming out of this segment, GKC is currently reviewing its role in this industry. The Group continues to reorganize its Financial segment and are currently focusing on the formation of a financial holding company to own First Global Financial Services Ltd. and First Global Bank Ltd. with the intention of having the holding company listed on the Stock Exchange next year.

On the Trinidad and Tobago Stock Market, Grace Kennedy shares are trading at a price of TT\$10.00 per share, which compared with our estimated year end earnings of TT 72 cents per share gives an earnings multiple of 13.89 times which is in keeping with the local industry average.

#### **Readymix (West Indies) Limited**

*Half-Year results to 30 June 2004*

Revenue increased 13.63 per cent to \$70.4 million, up from \$61.95 million reported for the same period last year. The growth in revenue was achieved despite work stoppage at Alantic LNG Train IV, the Group's largest project, and a very competitive market. Operating profit rose 6.04 per cent to \$4.87 million, giving an operating profit margin of 6.91 per cent compared with 7.41 per cent for the comparative period.

Net finance costs rose by 23.41 per cent to \$1.26 million. With interest rates being lower than last year, the cost of debt fell from 7.31 per cent last year to 6.19 per cent at the end of the reporting period this year on increased non-current liabilities from \$14 million to \$20.4 million. Net finance costs as a percentage of operating profit increased from 22.33 per cent to 26.00 per cent indicating that the company's debt efficiency may need some attention from management. Profit before tax was up marginally from \$3.56 million to \$3.6 million. However, the Group's effective tax rate slipped from 33.55 per cent to 32.46 per cent resulting in net profit of \$2.43 million, up 2.70 per cent. Earnings per share was up 1 cent to 19 cents. An interim dividend of 6 cents per share was declared payable on 29<sup>th</sup> September.

Readymix recently introduced ECONOMIX, a new delivery system for premix concrete in attempts to diversify the company's business. The Group has also expanded its operations into St. Maarten and St. Martin to

take advantage of the growing construction industry in both countries. The premix concrete market in Trinidad and Tobago remains buoyant with Readymix maintaining overall market share, while the Barbados subsidiary, Premix and Precast Concrete Incorporated, continues to grow its market share.

Based on the results of the first half-year we forecast year end earning of 48 cents per share contingent on there being no persistent work stoppages with the company's major projects in the second half-year. At the current price of \$6.80 per share, this forecast provides a price/earnings multiple of 14.17 times.

#### **July in Review**

##### **Main Board**

##### **Market Data**

Volume: 29,819,787

Value \$ 361,573,377.06

Advances/Declines: 19/6

Composite Index: 914.0119

Nominal Change in index: +9.2992

Percentage Change in index: +1.03 per cent

All T&T Index: 1,161.8457

Nominal Change in All T&T Index: + 6.3603

Percentage Change in All T&T Index: +0.55 per cent

##### **Volume Leaders by Company:**

First Caribbean International Bank – 12,012,230 (40.28 per cent)

Guardian Holdings Limited – 4,076,648 (13.67 per cent)

Capital & Credit Merchant Bank – 3,352,372 (11.24 per cent)

Jamaica Money Market Brokers – 2,531,948 (8.50 per cent)

##### **Major Advances**

Trinidad Publishing Company up 55 cents (6.55 per cent)

PLIPDECO up 90 cents (4.96 per cent)

Trinidad Cement up 26 cents (4.16 per cent)

Prestige Holdings up 20 cents (2.58 per cent)

CCN up 30 cents (3.53 per cent)

First Caribbean International Bank up 30 cents (3.26 per cent)

Ansa McAl up \$1.00 (3.23 per cent)

Grace, Kennedy & Co Ltd up 25 cents (2.56 per cent)

##### **Major Declines**

BWIA down 87 cents (-61.27 per cent)

Angostura Holdings down 20 cents (-4.08 per cent)

L J Williams Limited – ‘B’ down 5 cents (-4.00 per cent)  
National Enterprises Limited down 23 cents (-2.27 per cent)  
Furness Trinidad Limited down 10 cents (-1.85 per cent)  
National Commercial Bank of Jamaica down 0.01 cents (-0.36 per cent)

### Monthly Summary

Trading activity picked up in July by 56.20 per cent compared to June. The total volume of shares traded in July was 29,819,787 valued at \$361,573,377. Most of the trading activity occurred in the last week of July and was concentrated in the Banking sector which accounted for 47.51 per cent of all trades followed by the Non-Banking Sector which accounted for 35.42 per cent of all trades.

The market indices continued their upward climb as advances outstripped declines by a nineteen (19) to six (6) margin. The Composite Index gained 9.2992 points or 1.03 per cent to close at 914.0119 and the All T&T Index moved up a further 6.3603 points or 0.55 per cent to end the month at 1,161.8457.

First Caribbean International Bank (FCIB) was the most heavily traded share in July. A total of 12,012,230 shares were traded representing 40.28 per cent of total volume. This large volume was due to Republic Bank Limited selling off their 5.7 per cent shareholding in FCIB. The total amount of shares sold was 88,061,917

of which 12,000,000 million was sold on the Trinidad & Tobago market and the rest on the Barbados market. Republic Bank sold off its interest in FCIB as they saw the investment as no longer being of strategic interest to them.

The other two volume leaders were Guardian Holding Limited and Capital and Credit Merchant Bank (CCMB). Total trades in Guardian Holding Limited was 4,076,648 shares or 13.67 per cent of all trades. Capital & Credit Merchant Bank followed with a total of 3,352,372 shares crossing the floor or 11.24 per cent of the total trading volume.

The price leader was Trinidad Publishing Company whose value increased by 55 cents or 6.55 per cent to close at \$8.95. The second highest appreciation in price was PLIPDECO moving up 90 cents or 4.96 per cent to close at \$19.05. Rounding out the top three price advances was Trinidad Cement Limited advancing by 26 cents or 4.16 per cent to close at \$6.51.

BWIA West Indies Airways lead the shares on the decline falling a whopping 87 cents or 61.27 per cent to close at an all time low of \$0.55. Angostura Holdings Limited was next falling by 20 cents or 4.08 per cent to close at \$4.70. Not far behind was L J Williams Ltd (B) down 5 cents or 4 per cent to end the month at \$1.20.

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West Indies Stockbrokers Limited, 23a Chacon Street, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: wise@carib-link.net.  
Member of the Trinidad and Tobago Stock Exchange Ltd.

VOLUME 1,914,427  
 VALUE \$ 35,812,364.35

### WEEKLY MARKET UPDATE

as at : Friday August 06, 2004

### West Indies Stockbrokers Limited

23 A Chacon Street, Port of Spain

TEL: (868) 625-4009/4010

FAX: (868) 627-5002

[e-mail-wise@carib-link.net](mailto:e-mail-wise@carib-link.net)

COMPOSITE INDEX 915.71 ALL T&T INDEX 1,162.83 Adv./Dec. Ratio 8/2  
 CHANGE 1.70 CHANGE 0.98  
 % CHANGE 0.19% % CHANGE 0.08%

Security	Fiscal Yr. End	Hist. EPS	Hist. Div.	Est. EPS	Est. Div	Hist. Yield	Hist. P/E	Est. Yield	Est. P/E	Last Quote	Price Change	% Change	Running EPS	Running P/E	52 Week High	52 Week Low
<b>Banks</b>																
FirstCaribbean Intl.	Oct-31	29.1	15.8	30.0	16.0	1.66%	32.65	1.68%	31.67	9.50			27.3	34.77	9.50	7.85
National Commercial Bank Jamaica	Sep-03	12.0	5.4	16.0	5.4	0.00%	22.92	1.96%	17.19	2.75			13.0	21.15	2.80	1.55
RBTT Financial Holdings	Mar-31	235.0	100.0	282.0	100.0	2.29%	18.58	2.29%	15.48	43.66			243.0	17.97	45.30	21.05
Republic Bank	Sep-30	367.0	180.0	460.0	190.0	2.47%	19.89	2.60%	15.87	73.00			402.0	18.16	73.00	42.00
Scotiabank	Oct-31	165.6	70.0	190.0	80.0	2.30%	18.42	2.62%	16.05	30.50			166.3	18.34	30.50	21.36
<b>Non-Banking/Finance</b>																
ANSA Fin. & Merch. Bank	Dec-31	98.0	42.0	98.0	42.0	2.71%	15.82	2.71%	15.82	15.50			98.0	15.82	15.50	8.50
Capital & Credit Merchant Bank	Dec-31	8.4	1.0	14.0	1.0	0.45%	26.19	0.45%	15.71	2.20	0.20	10.00%	14.0	15.71	2.20	0.65
Guardian Holdings	Dec-31	215.0	54.0	215.00	54.0	1.54%	16.35	1.54%	16.35	35.15			215.0	16.35	35.15	20.30
JMMB	Mar-31	11.0	1.5	11.0	1.5	0.79%	17.27	0.79%	17.27	1.90			11.0	17.27	2.13	0.64
National Enterprises	Mar-31	81.0	41.0	81.0	41.0	4.13%	12.25	4.13%	12.25	9.92			81.0	12.25	10.15	4.70
<b>Conglomerates</b>																
ANSA Mc Al	Dec-31	144.0	65.0	144.0	65.0	2.03%	22.26	2.03%	22.26	32.05	0.05	0.16%	144.0	22.26	32.05	17.71
B'dos Shipping & Trading	Sep-30	135.5	47.5	174.0	47.5	2.44%	14.39	2.44%	11.21	19.50			204.0	9.56	19.50	11.31
Grace, Kennedy & Co.	Dec-31	63.7	7.1	72.0	7.1	0.71%	15.70	0.71%	13.89	10.00			63.7	15.70	10.00	4.60
Neal & Massy Holdings	Sep-30	190.0	67.0	230.00	80.0	2.06%	17.11	2.46%	14.13	32.50	0.15	0.46%	185.00	17.57	32.50	19.56
<b>Trading</b>																
Agostini's	Sep-30	34.9	12.0	20.0	10.0	1.45%	23.78	1.20%	41.50	8.30			43.1	19.26	8.35	6.00
BWIA	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	0.40	-0.15	-27.27%	0.0	0.00	3.00	0.40
Furness T'dad	Dec-31	25.0	5.0	38.0	5.0	0.94%	21.20	0.94%	13.95	5.30			37.0	14.32	5.60	4.11
LJ Williams A	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	0.60			0.5	120.00	0.67	0.50
LJ Williams B	Dec-31	0.0	0.0	0.0	0.0	0.00%	0.00	0.00%	0.00	1.20			4.80	25.00	2.60	1.20
Prestige Holdings	Nov-30	27.4	17.0	37.0	20.0	2.13%	29.20	2.50%	21.62	8.00	0.05	0.63%	30.9	25.89	8.00	3.60
<b>Property</b>																
PLIPDECO	Dec-31	170.00	21.0	170.00	21.0	1.09%	11.32	1.09%	11.32	19.25	0.20	1.05%	170.0	11.32	19.25	9.50
Valpark Shopping Plaza	Mar-31	47.3	0.0	47.3	0.0	0.00%	10.57	0.00%	10.57	5.00			47.3	10.57	5.00	5.00
<b>Manufacturing</b>																
Angostura Holdings	Dec-31	31.0	12.0	31.0	12.0	2.55%	15.16	2.55%	15.16	4.70			31.0	15.16	5.00	4.25
Berger Paints Trinidad	Dec-31	0.0	17.0	0.0	17.0	5.47%	0.00	5.47%	0.00	3.11			39.0	7.97	6.00	3.00
Caribbean Comm Network	Dec-31	54.0	25.0	63.0	28.0	2.84%	16.30	3.18%	13.97	8.80			71.0	12.39	8.80	4.20
Flavorite Foods	Dec-31	24.0	10.5	24.0	10.5	2.39%	18.33	2.39%	18.33	4.40	0.10	2.33%	24.0	18.33	4.40	3.45
Lever Brothers WI	Dec-31	142.0	170.0	160.0	1.5	5.86%	20.42	0.05%	18.13	29.00			152.0	19.08	30.31	29.00
National Flour Mills	Dec-31	23.0	16.0	23.0	16.0	5.08%	13.70	5.08%	13.70	3.15	-0.05	-1.56%	23.0	13.70	3.20	2.50
Readymix (West Indies)	Dec-31	44.0	15.0	48.0	15.0	2.21%	15.45	2.21%	14.17	6.80			44.0	15.45	6.80	6.05
Trinidad Cement	Dec-31	50.0	18.0	60.0	19.0	2.73%	13.20	2.88%	11.00	6.60	0.09	1.38%	69.0	9.57	6.60	5.04
Trinidad Publishing Co.	Dec-31	45.0	25.0	45.0	25.0	2.73%	20.33	2.73%	20.33	9.15	0.20	2.23%	45.0	20.33	9.15	4.00
West Indian Tobacco Co.	Dec-31	104.5	103.0	120.0	110.0	4.87%	20.24	5.20%	17.63	21.15			104.5	20.24	21.15	18.00