

Agostini's Limited Results for the First Quarter Ended December 31, 2016

Earnings Per Share

Agostini's Limited (AGL) for the First Quarter Ended December 31, 2016 (Q117) reported Earnings Per Share (EPS) of \$0.50, up 13.64 per cent or \$0.06 on the corresponding EPS of \$0.44 in Q116.

It should be noted that Q117 on Q116, Profit for the Period rose 49.41 per cent but EPS was up only 13.64 per cent due to the issuance of 10,399,530 new common shares of AGL to Victor E. Mouttet Limited (VEMML) in accordance with the payment terms for the VEMCO acquisition. Thus Q117's EPS reflects the increased issued share capital when compared to Q116's EPS.

Financial Highlights (Q117 on Q116)

	Q117 \$'000	Q116 \$'000	\$ Change Q117 - Q116 \$'000	% Change Q117 - Q116	YE16 \$'000
Revenue	867,395	697,829	169,566	24.30%	2,453,713
Operating Profit after Finance Costs	76,154	48,307	27,847	57.65%	163,785
Finance Costs - Net	(7,432)	(5,517)	(1,915)	34.71%	(22,146)
Share of Profit of an Associate	546	1,179	(633)	-53.69%	1,989
Profit Before Taxation	69,268	43,969	25,299	57.54%	143,628
Taxation	(21,055)	(11,701)	(9,354)	79.94%	(46,876)
Profit for the Period	48,213	32,268	15,945	49.41%	96,752
Attributable to:					
Owners of the Parent	34,417	25,575	8,842	34.57%	89,034
Non-Controlling Interest	13,796	6,693	7,103	106.13%	7,718
	48,213	32,268	15,945	49.41%	96,752
EPS	\$0.50	\$0.44	\$0.06	13.64%	\$1.52

Q117 on Q116, Revenue increased from \$697.83MM to \$867.40MM, up a significant 24.30 per cent or \$169.57MM. According to the Chairman, this increase was primarily due to the consolidation of the sales of Vemco Limited and Pepsi Cola Trinidad Bottling Company Limited (PCT) into Caribbean Distribution Partners Limited (CDPL), which is the Fast Moving Consumer Goods (FMCG) Joint Venture business with Goddard Enterprises Limited (GEL).

Operating Profit after Finance Costs for the three month period stood at \$76.15MM, a noteworthy increase of 57.65 per cent or \$27.85MM on Q116's total of \$48.31MM. Net Finance Costs rose 34.71 per cent or \$1.92MM from \$5.52MM in Q116 to \$7.43MM in Q117. Share of Profit of an Associate declined 53.69 per cent or \$0.63MM to \$0.55MM from \$1.18MM in Q116. Thus Profit Before Taxation ended the period under review at \$69.27MM, up an outstanding 57.54 per cent or \$25.30MM from \$43.97MM in Q116. The Effective Tax Rate increased from 26.61 per cent in Q116 to 30.40 per cent in Q117. Consequently, Taxes rose from \$11.70MM (Q116) to \$21.06MM

(Q117). Profit After Tax closed Q117 at \$48.21MM, up 49.41 per cent or \$15.95MM from \$32.27MM in the corresponding period last fiscal year.

Strategic Initiatives

- Effective October 1, 2016, AGL acquired Vemco Limited from VEML for an Enterprise Value of \$277.9MM (\$177.3MM net of debt) through a new AGL share issue, simultaneously transferring the Company to CDPL. As such, AGL issued 10,399,530 new shares at \$17.05 to VEML for Vemco Limited and received \$88.65MM from GEL for its 50 per cent share of the value of the Vemco acquisition. Vemco which is a major food products manufacturer, owns the Swiss, Catelli, Katerpak, Café Brazil and Yogos brands and distributes Quaker, Campbell's, Kerrygold, Dole, Gatorade and Purina products, among others in Trinidad and Tobago.
- Effective November 1, 2016, CDPL acquired PCT for US\$13MM, with AGL's investment being US\$6.5MM. PCT is the licensee and distributor in Trinidad and Tobago of the PepsiCo range of beverages – Pepsi, Mountain Dew, 7UP and Ocean Spray. The Company also distributes Peardrax and Cydrax under license and owns and distributes the JuC and Fizz brands. PCT also has the distribution rights in Barbados for the aforementioned PepsiCo brands as well as Peardrax and Cydrax.
- In order to drive greater efficiencies and to support growth across the Group, AGL is planning to expand and reorganize its facilities in a number of their companies:
 - During the financial year the expansion of its distribution facility at Peter & Company in St. Lucia would be completed and AGL expects to complete the expansion of its warehouse at Independence Agencies in Grenada.
 - AGL will start the construction of a new distribution facility at Coreas Distribution in St. Vincent and also undertake a significant expansion of its warehouse at Hanschell Inniss in Barbados.
 - In December 2016, AGL completed the relocation of the SuperPharm warehouse and offices to a company-owned facility in El Socorro.
 - Before the close of the fiscal year, AGL will be relocating the distribution centres of Vemco, PCT and Agostini Building Solutions also within company-owned facilities.

Revenue by Business Segment (Q117 on Q116)

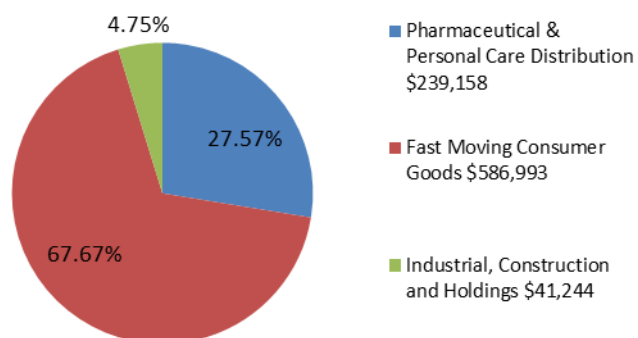
	Q117	Q116	\$ Change	% Change
	\$'000	\$'000	Q117 - Q116	Q117 - Q116
			\$'000	
Pharmaceutical & Personal Care				
Distribution	239,158	245,504	(6,346)	-2.58%
Fast Moving Consumer Goods	586,993	410,148	176,845	43.12%
Industrial, Construction and Holdings	41,244	42,177	(933)	-2.21%
Total	867,395	697,829	169,566	24.30%

Operating Profit by Business Segment (Q117 on Q116)

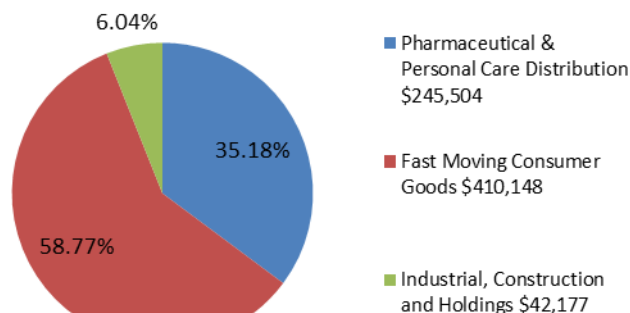
	Q117 \$'000	Q116 \$'000	\$ Change Q117 - Q116 \$'000	% Change Q117 - Q116
Pharmaceutical & Personal Care Distribution	30,149	26,853	3,296	12.27%
Fast Moving Consumer Goods	40,503	18,337	22,166	120.88%
Industrial, Construction and Holdings	5,502	3,117	2,385	76.52%
Total	76,154	48,307	27,847	57.65%

Contribution to Revenue by Business Segment (Q117 and Q116)

Contribution to Revenue (Q117)

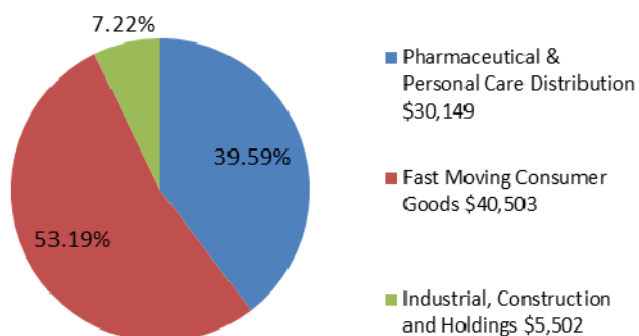


Contribution to Revenue (Q116)

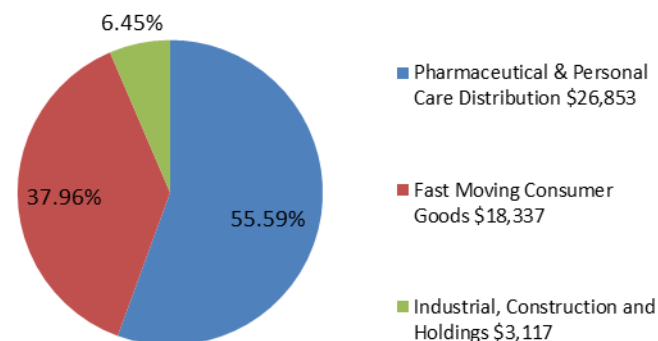


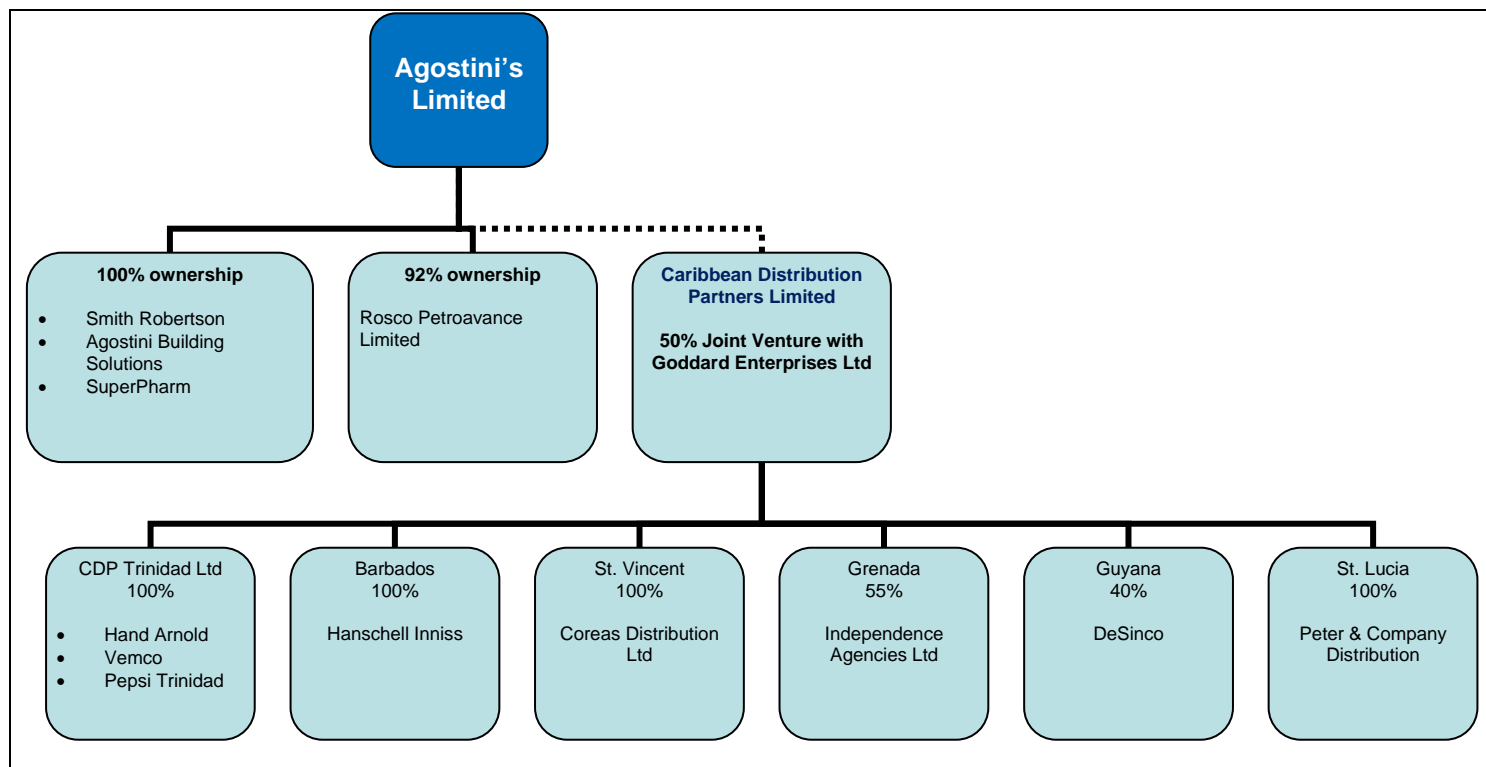
Contribution to Operating Profit by Business Segment (Q117 and Q116)

Contribution to Operating Profit (Q117)



Contribution to Operating Profit (Q116)





At the current price of \$17.50 the trailing P/E ratio is 11.08 times which is lower than the trading sector weighted average P/E of 11.59 times. AGL's historic dividend yield is 3.20 per cent which is lower than the historic dividend yield of 3.46 per cent of Prestige Holdings Limited (PHL) which is the other competing trading company that paid out dividends.

Financial Year End	September 30
Symbol on TTSE	AGL
Issued Share Capital	68.98MM
Market Capitalization	\$1.21B
Current Price (as at February 20, 2017)	\$17.50
52 Week Price Range	\$16.95 - \$17.50
Trailing EPS	\$1.58
Trailing Price to Earnings Multiple	11.1 x
Current Book Value/Share	\$12.51
Price to Book	1.4 x
Return on Equity	18.3%
Return on Assets	7.3%
Dividend Yield	3.2%



**Equity Research
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