

Guardian Holdings Limited (GHL) Results for the Half Year Ended June 30, 2019

Key Points:

- In May 2019 National Commercial Bank Financial Group (NCBFG), through NCB Global Holdings, successfully completed the acquisition of an additional 74,230,750 shares in GHL moving its beneficial ownership from approximately 30% to approximately 62%.
- The improved performance in Profit attributable to equity shareholders, was primarily from GHL's investment portfolio which generated income of \$656MM as a result of the net fair value gains arising from the appreciation of US and Jamaica stock market.
- The Group started incurring costs associated with the implementation of the International Financial Reporting Standard (IFRS) 17 – Insurance contracts. IFRS 17 will become effective on January 1, 2022 and compliance will be a huge undertaking for all Insurance Companies reporting under IFRS.

Basic Earnings Per Share (EPS):

GHL reported an EPS of \$0.57 in Q2 2019 bringing the total EPS for HY19 to \$1.06, up 13.98 per cent or \$0.13 per share on the corresponding period's EPS of \$0.93 in HY18.

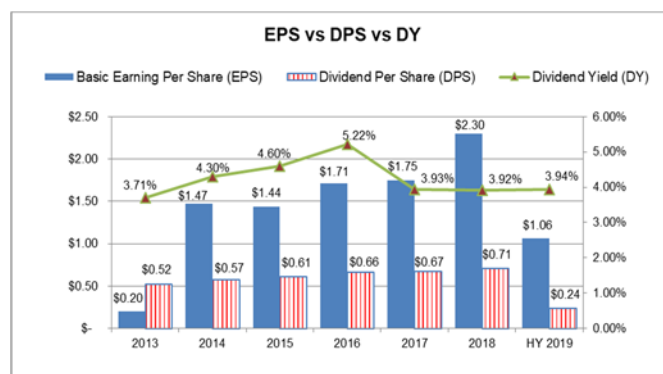
Dividend:

The Board of Directors declared an interim dividend of \$0.24 per share which was the highest over the past seven years. The interim dividend was paid on September 10, 2019 to shareholders on record as at August 21, 2019.

Dividend	Interim	Final	Total	Dividend Yield
2019	0.24			3.94%
2018	0.23	0.48	0.71	3.92%
2017	0.22	0.45	0.67	3.93%
2016	0.21	0.45	0.66	5.22%
2015	0.19	0.42	0.61	4.60%
2014	0.17	0.40	0.57	4.30%
2013	0.15	0.37	0.52	3.71%

Basic EPS	Q1	Q2	Q3	Q4	Total
2019	0.49	0.57			\$ 1.06
2018	0.31	0.62	0.67	0.70	\$ 2.30
2017	0.39	0.44	0.27	0.65	\$ 1.75
2016	0.27	0.43	0.42	0.59	\$ 1.71
2015- Restated	0.23	0.31	0.37	0.53	\$ 1.44
2014	0.37	0.42	0.44	0.24	\$ 1.47
2013	0.30	0.16	0.39	-0.65	\$ 0.20

Financial Year End	December 31
Sector	Non-Banking Finance
Symbol on TTSE	GHL
Issued Share Capital	232.02MM
Market Capitalization	\$4.27B
Current Price (September 11, 2019)	\$18.01
52 Week Price Range	\$16.60 - \$19.00
Trailing EPS	\$2.43
Price to Earnings Multiple	7.41x
Current Book Value/Share	\$15.23
Price to Book	1.18x
Return on Equity	14.14%
Return on Assets	1.76%



Income Statement for the period ending June 30, 2019

	HY19 \$'000	HY18 \$'000	\$ Change HY19 - HY18 \$'000	% Change HY19 - HY18	Change	YE18 \$'000
Gross written premiums	3,474,605	3,299,962	174,643	5.29%	↑	5,861,246
Net written premiums	2,306,314	2,216,679	89,635	4.04%	↑	4,164,210
Net income from insurance underwriting activities	265,546	389,634	(124,088)	-31.85%	↓	863,300
Net income from investing activities	655,894	449,921	205,973	45.78%	↑	981,568
Net income from brokerage activities	16,764	17,452	(688)	-3.94%	↓	25,038
Net income from all activities	938,204	857,007	81,197	9.47%	↑	1,869,906
Net impairment losses on financial assets	2,672	(6,186)	(8,858)	-143.19%	↓	(1,329)
Operating expenses	(530,027)	(493,655)	36,372	7.37%	↑	(1,045,595)
Finance charges	(72,970)	(68,676)	4,294	6.25%	↑	(135,522)
Operating profit	337,879	288,490	49,389	17.12%	↑	687,460
Share of profit of associated companies	10,585	9,199	1,386	15.07%	↑	17,045
Profit before taxation	348,464	297,689	50,775	17.06%	↑	704,505
Taxation	(94,850)	(84,903)	9,947	11.72%	↑	(164,632)
Profit after taxation	253,614	212,786	40,828	19.19%	↑	539,873
Amount attributable to participating policyholders	(5,871)	3,005	(8,876)	295.37%	↓	(4,693)
Profit for the period	247,743	215,791	31,952	14.81%	↑	535,180
Profit attributable to non-controlling interests	(1,114)	(832)	282	33.89%	↑	(1,269)
Profit attributable to equity holders	246,629	214,959	31,670	14.73%	↑	533,911
Basic EPS	\$ 1.06	\$ 0.93	\$0.13	13.98%	↑	\$ 2.30

Balance Sheet as at June 30, 2019

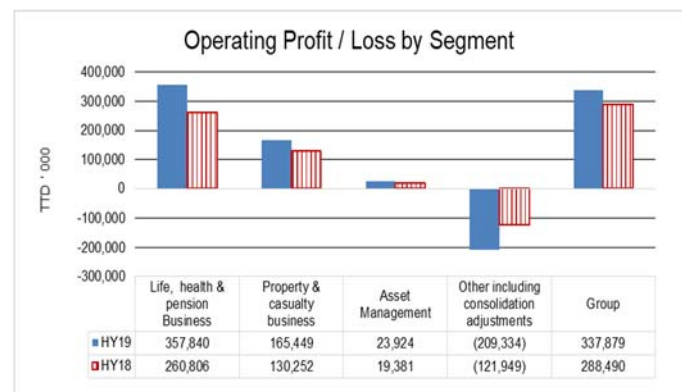
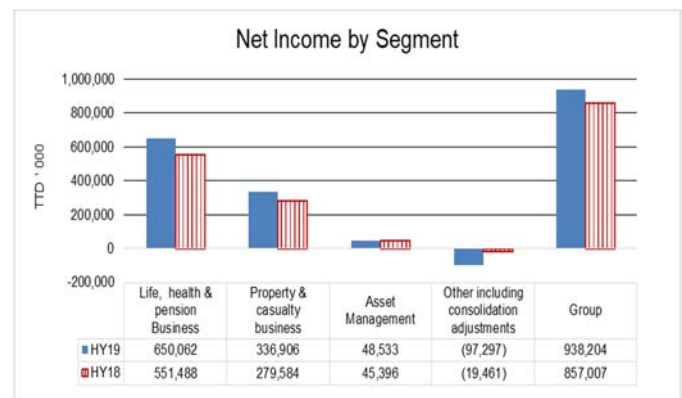
	HY19 \$'000	HY18 \$'000	\$ Change HY19 - HY18 \$'000	% Change HY19 - HY18	Change	YE18 \$'000
Total Assets	28,857,977	27,217,887	1,640,090	6.03%	↑	27,307,207
Total Liabilities	25,302,143	24,160,544	1,141,599	4.73%	↑	23,886,575
Total Equity	3,555,834	3,057,343	498,491	16.30%	↑	3,420,632
	28,857,977	27,217,887	1,640,090			27,307,207

Financials:

- Net Income from all activities closed at \$938.20MM, up 9.47 per cent or \$81,197MM from HY18's total of \$857.01MM.
- Profit Before Tax for HY19 stands at \$348.46MM, up 17.06 per cent or \$50.78MM from \$297.69MM in HY18.
- Profit attributable to equity holders totaled \$246.63MM in HY19 up 14.73 per cent or \$31.67MM from \$214.96MM in HY18.

- Total Assets increased by 6.03 per cent or \$1.64B to \$28.86B in HY19.
- Total Liabilities amounted to \$25.30B in HY19 and Total Equity was up by 16.30 per cent or \$498.49MM to close at \$3.56B.

At the current price of \$18.02 the trailing P/E ratio is 7.41 times which is below the non-banking finance sector weighted average P/E of 11.92 times. GHIL's dividend yield is 3.94 per cent compared to the non-banking finance sector weighted average dividend yield of 3.08 per cent.



West Indies Stockbrokers Limited (WISE) is a subsidiary of RBC Financial (Caribbean) Limited. From time to time WISE and/or its staff may take positions in some or all of the securities mentioned in our report. WISE welcomes your comments. Please e-mail us at wiseinfo@wisett.com