

Massy Holdings Limited (MASSY) Results for the Year Ended September 30, 2020

Key Points:

- In relation to inorganic initiatives, all MASSY's Portfolios and Lines of Business have targeted new market opportunities, which involve entering new segments in existing territories and/or entering new territories with existing businesses. To highlight some:
 - Integrated Retail Portfolio experimented with a smaller store format i.e. Massy Stores Mini in Trinidad and Tobago
 - Motors and Machines continued to pursue new lines in the electric vehicle (EV) space
 - Gas Product Portfolio is targeting new applications of Liquefied Petroleum Gas (LPG) for the Autogas and Forklift customer segments in geographic locations, such as Guyana and Jamaica.
- With the onset of the COVID-19 pandemic, Massy Stores and Massy Distribution played vital roles in all of the countries in which they operate, securing the supply chain for critical food, non-food and pharmaceutical supplies (including COVID-19 testing kits and machines in Trinidad and Tobago).
- Massy Gas Products (Trinidad) Limited recently entered in the Carbon Dioxide Enhanced Oil Recovery (CO2-EOR) business and is expanding the CO2 regional reach.
- The Massy Motors & Machines Portfolio was appointed the regional distributor of Shell Lubricant products to 16 Caribbean countries. Also Massy Motors Mazko SAS was appointed the sole dealer for Mazda in Cali, Colombia.
- The ability to attain foreign exchange (FX), particularly in Trinidad and Tobago, remains a challenge for many of MASSY's businesses. The Group continues to look for alternative means to generate FX. MASSY is also keen on pursuing investments in FX generating assets, but these investments would be targeted within or highly related to their main portfolios.

Basic Earnings Per Share (EPS):

MASSY reported a basic EPS for Q420 of \$3.67, bringing the total EPS for YE20 to \$7.11, up 23.44 per cent or \$1.35 per share on the corresponding period's EPS of \$5.76 in YE19. The basic EPS recorded in Q420 of \$3.67 was the highest quarterly EPS over the past eight years.

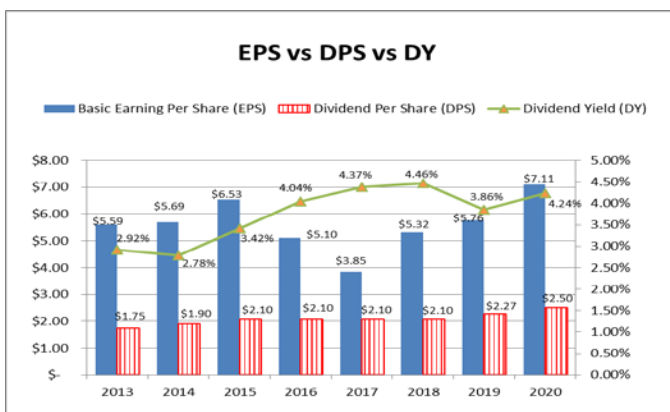
Dividend:

The Board of Directors declared a final dividend of \$2.00 per share. This dividend will be paid on January 22, 2021 to shareholders on record as at January 8, 2021. This brings the total dividend for the year ended 2020 to \$2.50 per share, up 10.13 per cent or \$0.23 on 2019's year ended total dividend of \$2.27 per share. Between FY 2013 and FY 2020 the Group has shown an average dividend payout ratio of 38.33 per cent.

Dividend	Interim	Final	Total	Dividend Yield
2020	0.50	2.00	2.50	4.24%
2019	0.55	1.72	2.27	3.86%
2018	0.52	1.58	2.10	4.46%
2017	0.52	1.58	2.10	4.37%
2016	0.51	1.59	2.10	4.04%
2015	0.51	1.59	2.10	3.42%
2014	0.51	1.39	1.90	2.78%
2013	0.50	1.25	1.75	2.92%

Fiscal Year End	September 30
Sector	Conglomerates
Symbol on TTSE	MASSY
Issued Share Capital	TTD98.34MM
Market Capitalization	\$5.80B
Current Price (January 19, 2021)	\$60.00
52 Week Price Range	\$45.95 - \$65.01
Earnings Per Share (EPS)	\$7.11
Price to Earnings Multiple	8.44x
Current Book Value/Share	\$62.75
Price to Book	0.96x
Return on Equity	11.27%
Return on Assets	5.45%

Basic EPS	Q1	Q2	Q3	Q4	Total
2020	1.57	0.84	1.03	3.67	7.11
2019	1.37	1.29	1.18	1.92	5.76
2018	1.37	1.15	1.09	1.71	5.32
2017	1.42	1.17	0.39	0.87	3.85
2016	1.38	1.15	1.15	1.42	5.10
2015	1.47	1.29	1.19	2.58	6.53
2014	1.39	1.34	1.01	1.95	5.69
2013	1.36	1.32	1.31	1.60	5.59



Industry:

At the current price of \$60.00 the P/E ratio is 8.44 times which is below the banking sector weighted average P/E of 14.16 times. MASSY's dividend yield is 4.17 per cent, which is above the banking sector weighted average dividend yield of 2.04 per cent.

Income Statement for the period ended September 30, 2020						
	YE20	YE19	\$ Change	% Change		YE18
	\$'000	Restated \$'000	YE20 - YE19	YE20 - YE19	Change	Restated \$'000
Revenue	11,163,818	11,406,174	(242,356)	-2.12%	↓	11,910,053
Operating Profit after Finance Costs	676,141	733,072	(56,931)	-7.77%	↓	795,211
Share of Profit of Associates & JV	53,459	65,965	(12,506)	-18.96%	↓	78,853
Profit Before Taxation	729,600	799,037	(69,437)	-8.69%	↓	874,064
Income Tax Expense	(276,330)	(286,654)	(10,324)	-3.60%	↓	(308,589)
Gain on sale of discontinued operations	262,442	35,693	226,749	635.28%	↑	0
Profit after tax from discontinued operations	27,439	65,156	(37,717)	-57.89%	↓	0
Profit for the Period	743,151	613,232	129,919	21.19%	↑	565,475
Profit attributable to:						
Owners of the Parent	696,403	563,164	133,239	23.66%	↑	519,753
Non-Controlling Interest	46,748	50,068	(3,320)	-6.63%	↓	45,722
	743,151	613,232	129,919	21.19%	↑	565,475
EPS - Basic	\$7.11	\$5.76	\$1.35	23.44%	↑	\$5.32

Balance Sheet as at 30 September, 2020						
	YE20	YE19	\$ Change	% Change		YE18
	\$'000	Restated \$'000	YE20 - YE19	YE20 - YE19	Change	Restated \$'000
Total Assets	13,239,747	12,325,073	914,674	7.42%	↑	12,477,190
Total Liabilities	6,822,703	6,378,132	444,571	6.97%	↑	6,862,032
Total Equity	6,417,044	5,946,941	470,103	7.90%	↑	5,615,158
	13,239,747	12,325,073	914,674			12,477,190

Financials:

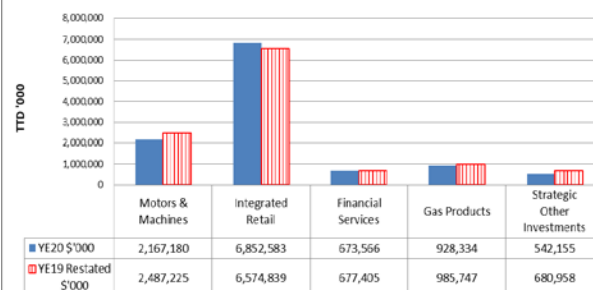
- Revenue closed at \$11.16B, down 2.12 per cent or \$242.36MM from YE19's total of \$11.41B.
- Profit Before Tax for YE20 stood at \$729.60MM, down 8.69 per cent or \$69.44MM from \$799.04MM in YE19.
- Profit attributable to owners of the parent totaled \$696.40MM in YE20 an increase of 23.66 per cent or \$133.24MM from \$563.16MM in YE19. YE20 improved performance was mainly derived from the gain on the sale of Massy Technologies to PBS Technologies Group Limited a subsidiary of the Musson Group.
- Total Assets rose by 7.42 per cent or \$914.67MM to \$13.24B in YE20. Total Liabilities amounted to \$6.82B in YE20 and Total Equity increased by 7.90 per cent or \$470.10MM to close at \$6.42B.

Segments:

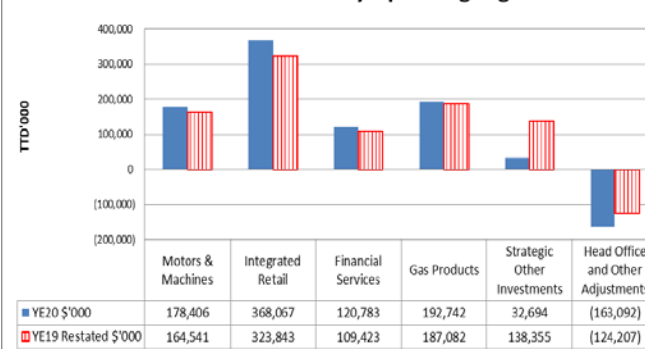
The Integrated Retail segment was the major contributor to the Group's Third Party Revenue (TPR) with 61.38 per cent. The Motors and Machines segment followed with 19.41 per cent. In third place was the Gas Products segment which accounted for 8.32 per cent of the Group's TPR.

The major contributor of the Group's Profit Before Taxation (PBT) was the Integrated Retail segment representing 50.45 per cent. In second place was the Gas Products segment accounting for 26.42 per cent of the Group's PBT. The Motors and Machines segment followed with 24.45 per cent.

Third Party Revenue by Operating Segment



Profit before Income Tax by Operating Segment



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