

## Trinidad and Tobago NGL Limited Results for the Half Year Ended June 30, 2017

### Earnings Per Share

For the Half Year Ended June 30, 2017 (HY17), Trinidad and Tobago NGL Limited (TTNGL) reported Earnings Per Share (EPS) of \$0.59, up 25.53 per cent or \$0.12 per share on the corresponding period's EPS of \$0.47 in fiscal 2016.

### Financial Highlights (HY17 on HY16)

	HY17	HY16	\$ Change HY17 - HY16	% Change HY17 - HY16	YE16
	\$'000	\$'000	\$'000		\$'000
<b>Income</b>					
Share of profit from investment in joint venture	92,708	73,487	19,221	26.16%	163,955
Interest income	319		319	0.00%	219
<b>Total Income</b>	<b>93,027</b>	<b>73,487</b>	<b>19,540</b>	<b>26.59%</b>	<b>164,174</b>
<b>Expenses</b>					
Impairment reversal	0	0	0	0.00%	17,831
Legal and professional fees	(594)	0	(594)	0.00%	(704)
Other expenses	(189)	(984)	795	-80.79%	(956)
Profit/(loss) before tax	92,244	72,503	19,741	27.23%	180,345
Income tax expense	(776)	(310)	(466)	150.32%	(777)
<b>Profit/(loss) for the period</b>	<b>91,468</b>	<b>72,193</b>	<b>19,275</b>	<b>26.70%</b>	<b>179,568</b>
<b>EPS</b>					
Basic	\$0.59	\$0.47	\$0.12	25.53%	\$1.16
Diluted	\$0.59	\$0.47	\$0.12	25.53%	\$1.16

TTNGL's earnings are derived from its 39 per cent shareholding in Phoenix Park Gas Processors Limited (PPGPL), whose core business consists of natural gas processing and the export of natural gas liquids (NGLs), namely propane, butane and natural gasoline.

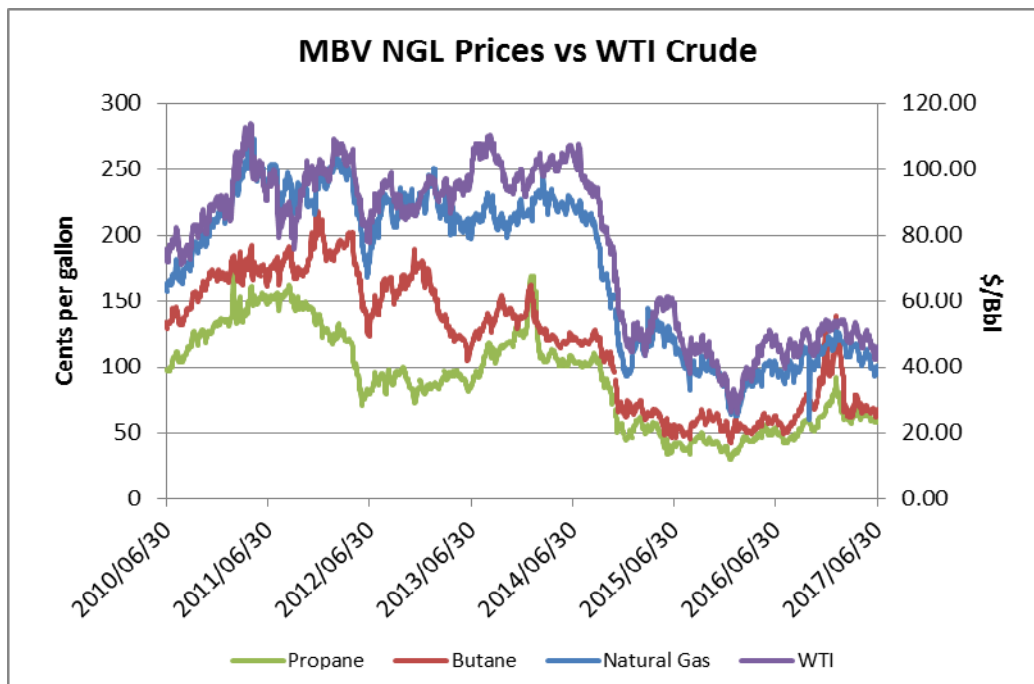
Share of Profit from its Investment in Joint Venture, PPGPL, rose by 26.16 per cent or \$19.22MM from \$73.49MM in HY16 to \$92.71MM in HY17. Interest Income amounted to \$0.32MM in HY17 which resulted in Total Income closing the period under review at \$93.03MM, up 26.59 per cent or \$19.54MM from HY16's total of \$73.49MM.

During HY17, TTNGL incurred Legal and Professional Fees of \$0.59MM and Other Expenses of \$0.19MM. Profit Before Tax for the six month period totaled \$92.24MM, up 27.23 per cent or \$19.74MM from \$72.50MM in HY16. Income Tax Expenses increased significantly by 150.32% or \$466MM to \$776MM in HY17 from \$310MM during the corresponding period in 2016. Thus,

resulting in Profit After Tax for the period of \$91.47MM up 26.70 per cent or \$19.28MM from \$72.19MM in HY 2016.

PPGPL utilizes the Mont Belvieu (MBV) price as the reference point for its NGLs sales. As seen in *Graph 1* below, the prices of PPGPL's products (propane, butane and natural gasoline) have a close correlation to crude oil prices and are thus exposed to the same price shocks that crude oil prices experience. The average price for West Texas Intermediate (WTI) crude oil for the year to Aug 2017 was US\$49/barrel, a significant increase from the low of US\$26.21 in February 2016. The United States Energy Information Administration (EIA) forecasts that WTI crude oil prices will average about US\$51/barrel in 2017 and \$54/barrel in 2018.

**Graph 1**



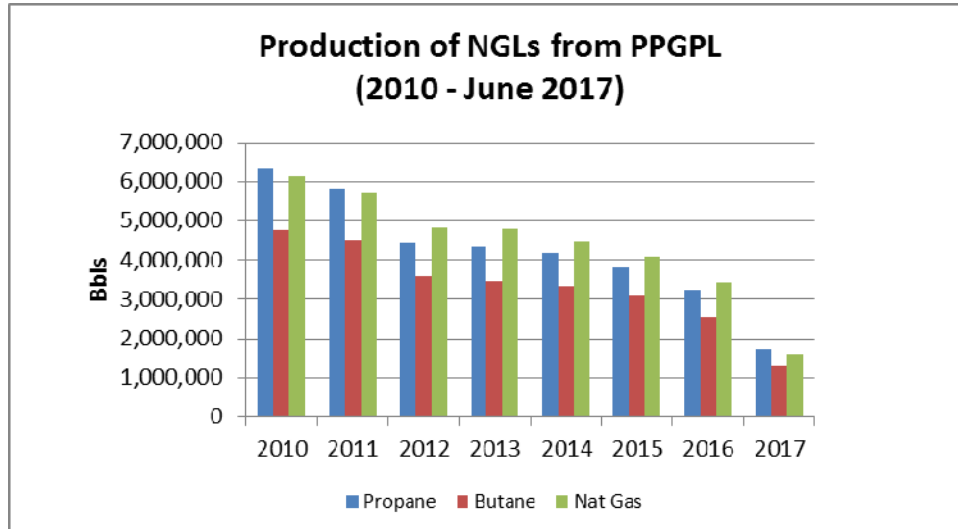
As stated by the Chairman, while PPGPL continues to be challenged by lower natural gas volumes to Point Lisas for processing, the improved performance at PPGPL was directly related to improved MBV prices, sustained cost management initiatives and initiation of planned market activity. As at August 2017, the MBV price of propane was up approximately 76 per cent, the price of butane was up 55 per cent and the price of natural gasoline was up 19 per cent when compared to prices in August 2016.

However, despite the increases in the prices of propane, butane and natural gasoline over the last year, we can see from *Graph 2* that the production of NGLs has been on a downward trajectory. Production of NGLs from PPGPL fell 16.18 per cent to 9.21 million barrels in 2016 from 10.99 million barrels in 2015. HY17 on HY16, production is down 3.86 per cent from 4.85 million barrels to 4.66 million barrels.

Additionally we can see from *Table 1* that exports of propane, butane and natural gasoline from PPGPL are on the decline. Exports of NGLs fell 21.47 per cent to 8.00 million bbls in 2016 from

10.18 million bbls in 2015. Thus far, for the year we continue to see deterioration in the exports of NGLs moving from 4.04 million bbls in HY16 to 3.98 million bbls in HY17 which represents a decrease of 1.47 per cent (see *Table 2*).

**Graph 2**



**Table 1**

<b>Export of NGLs from PPGPL (in Bbls)</b>				
	<b>Propane</b>	<b>Butane</b>	<b>Natural Gasoline</b>	<b>Total</b>
2000	2,829,480	1,679,493	2,147,260	6,656,233
2005	3,411,145	2,903,935	3,734,963	10,050,043
2010	6,082,201	4,640,252	6,179,884	16,902,337
2015	3,814,115	1,886,153	4,481,400	10,181,668
2016	3,012,370	1,380,530	3,603,083	7,995,983

**Table 2**

<b>Export of NGLs from PPGPL (in Bbls)</b>				
	<b>Propane</b>	<b>Butane</b>	<b>Natural Gasoline</b>	<b>Total</b>
Jan-17	311,409	139,336	329,692	780,437
Feb-17	329,007	240,431	305,010	874,448
Mar-17	176,978	249,304	319,222	745,504
Apr-17	294,900	220,570	256,489	771,959
May-17	300,902	224,188	260,531	785,621
Jun-17	293,630	236,667	297,840	828,137
<b>Total</b>	<b>1,732,750</b>	<b>1,318,991</b>	<b>1,609,616</b>	<b>4,661,357</b>
<b>Export of NGLs from PPGPL (in Bbls)</b>				
	<b>Propane</b>	<b>Butane</b>	<b>Natural Gasoline</b>	<b>Total</b>
Jan-16	336,460	159,814	301,989	798,263
Feb-16	166,018	107,231	299,259	572,508
Mar-16	264,583	158,152	300,006	722,741
Apr-16	270,845	211,815	295,416	778,076
May-16	283,165	231,395	304,866	819,426
Jun-16	246,968	196,112	304,866	710,524
<b>Total</b>	<b>1,692,155</b>	<b>1,337,085</b>	<b>1,819,106</b>	<b>4,848,346</b>

PPGPL also receives revenue by fractionating NGLs supplied by Atlantic LNG Company of Trinidad and Tobago's (ALNG) liquefied natural gas plants and then marketing the products from ALNG Train 1 and ALNG Trains 2 and 3. *Table 3* shows that NGL sales from ALNG have also been on the decline due in part to gas curtailment issues.

**Table 3**

<b>NGL Sales &amp; Deliveries from ALNG (Bbls)</b>					
	<b>Train 1</b>	<b>Train 2</b>	<b>Train 3</b>	<b>Train 4</b>	<b>Total</b>
<b>2010</b>	2,445,563	1,015,611	2,091,624	2,912,463	8,465,261
<b>2011</b>	2,251,742	1,021,871	1,948,180	2,590,625	7,812,418
<b>2012</b>	1,959,139	821,048	1,827,133	2,220,309	6,827,629
<b>2013</b>	1,875,133	888,023	1,542,135	2,511,934	6,817,225
<b>2014</b>	1,707,057	1,009,807	1,525,289	2,272,400	6,514,553
<b>2015</b>	1,511,206	917,766	1,124,935	2,071,747	5,625,654
<b>2016</b>	1,367,323	423,512	789,500	2,033,404	4,613,739



## Key Developments

### Hurricane Harvey and Irma

Significant disruption in the U.S energy market and refinery operations occurred as a result of Hurricane Harvey and Irma.

### Juniper Project

On August 14, 2017 BP Trinidad and Tobago announced first gas from the Juniper development, the fifth of BP's seven upstream major project start-ups planned for 2017. Juniper has begun production on schedule and under budget. It is the largest new project brought into production in Trinidad for several years and the second major project BP started this year.

### Update on Second Public Offering ended June 28<sup>th</sup>, 2017

The share offering was oversubscribed by 1.53 times with the company and institutional categories being oversubscribed by 223 per cent and 313 per cent respectively. The following summarizes the shares allocated to each Investor Type Category:

Investors Type Category	Number of Shares Allocated	Percentage of Offer	Allocation to each Application
Individual	20,610,427	51.21%	Each individual received 100% of his/her application
Registered Mutual Funds, including the Trinidad and Tobago Unit Trust Corporation	4,899,522	12.17%	Each individual received 100% of his/her application
Registered Pension, Other Trust Funds, Credit Unions, Co-operatives and National Enterprises Limited (NEL)	8,700,851	21.62%	Each applicant received 34.86% of its application
National Insurance Board of Trinidad and Tobago and other National Insurance Schemes of other countries	4,024,800	10.00%	Each applicant received 84.52% of its application
Other Companies	2,012,400	5.00%	Each applicant received 30.93% of its application
<b>TOTAL</b>	<b>40,248,000</b>	<b>100%</b>	

The transfer of the Class B Shares allocated pursuant to the Offer is proposed for and was effected on **19<sup>th</sup> July 2017**.

At the current price of \$23.00 the trailing P/E ratio is 18.0 times and the historic dividend yield is 6.5 per cent. Dividend payments received from PPGPL are in US dollars and this offers investors a hedge against the depreciation of the TT dollar against the US dollar. TTNGL has the highest dividend yield on the Trinidad and Tobago Stock Exchange. In addition, going forward, TTNGL has the option to declare and pay dividends in either TT dollars or US dollars.



**Equity Research**  
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Financial Year End	December 31
Symbol on TTSE	NGL
Issued Share Capital	116.10MM
Market Capitalization	\$2.50B
Current Price (as at September 29, 2017)	\$23.00
52 Week Price Range	\$20.30 - \$23.78
Trailing EPS	\$1.28
Trailing Price to Earnings Multiple	18.0 x
Current Book Value/Share	\$21.36
Price to Book	1.1 x
Return on Average Equity	7.3%
Return on Average Assets	7.3%
Dividend Yield	6.5%

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