

Trinidad and Tobago NGL Limited

Results for the Nine Months Ended September 30, 2017

Earnings Per Share

For the Nine Months Ended September 30, 2017 (NM17), Trinidad and Tobago NGL Limited (TTNGL) reported Earnings Per Share (EPS) of \$0.97, up 29.33 per cent or \$0.22 per share on the corresponding period's EPS of \$0.75 in fiscal 2016.

Financial Highlights (NM17 on NM16)

	NM17	NM16	\$ Change NM17 - NM16	% Change NM17 - NM16	YE16
	\$'000	\$'000	\$'000		\$'000
Income					
Share of profit from investment in joint venture	152,521	117,565	34,956	29.73%	163,955
Interest income	465	106	359	0.00%	219
Total Income	152,986	117,671	35,315	30.01%	164,174
Expenses					
Impairment reversal	0	0	0	0.00%	17,831
Legal and professional fees	(763)	(548)	(215)	0.00%	(704)
Other expenses	(358)	(773)	415	-53.69%	(956)
Profit/(loss) before tax	151,865	116,350	35,515	30.52%	180,345
Income tax expense	(1,195)	(425)	(770)	181.18%	(777)
Profit/(loss) for the period	150,670	115,925	34,745	29.97%	179,568
EPS					
Basic	\$0.97	\$0.75	\$0.22	29.33%	\$1.16
Diluted	\$0.97	\$0.75	\$0.22	29.33%	\$1.16

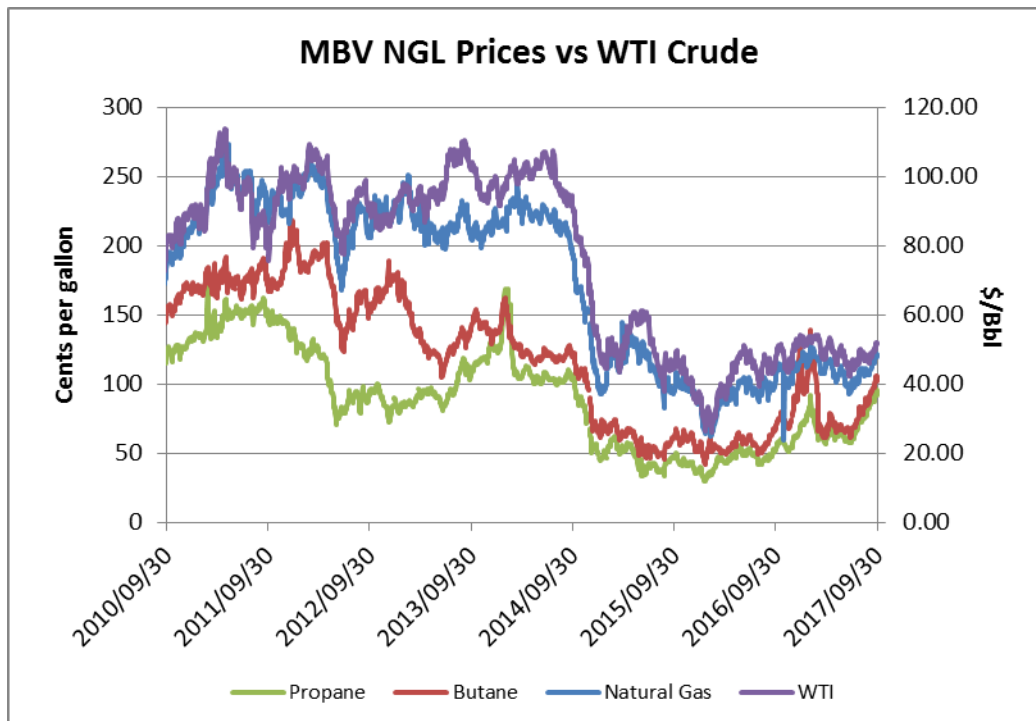
TTNGL's earnings are derived from its 39 per cent shareholding in Phoenix Park Gas Processors Limited (PPGPL), whose core business consists of natural gas processing and the export of natural gas liquids (NGLs), namely propane, butane and natural gasoline.

Share of Profit from its Investment in Joint Venture, PPGPL, rose by 29.73 per cent or \$34.96MM from \$117.57MM in NM16 to \$152.52MM in NM17. Interest Income amounted to \$465MM in NM17 which resulted in Total Income closing the period under review at \$152.99MM, up 30.01 per cent or \$35.32MM from NM16's total of \$117.67MM.

During NM17, TTNGL incurred Legal and Professional Fees of \$763MM and Other Expenses of \$358MM. Profit Before Tax for the nine month period totaled \$151.87MM, up 30.52 per cent or \$35.52MM from \$116.35MM in NM16. Income Tax Expenses increased significantly by 181.18 per cent or \$770MM to \$1.20MM in NM17 from \$425M during the corresponding period in 2016. Thus, resulting in Profit After Tax for the period of \$150.67MM up 29.97 per cent or \$34.75MM from \$115.93MM in NM 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 Oct 2017 was US\$49.78/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\$52/barrel in 2017 and \$51/barrel in 2018.

Graph 1



As at September 2017, the MBV price of propane was up approximately 69 per cent, the price of butane was up 44 per cent and the price of natural gasoline was up 12 per cent when compared to prices in September 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 9.2 million barrels in 2016 from 10.99 million barrels in 2015. NM17 on NM16, production is up 5.26 per cent from 6.91 million barrels to 7.29 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 see slight improvement in the exports of NGLs moving from 5.72 million bbls in NM16 to 6.49 million bbls in NM17 which represents an increase of 12.75 per cent (see *Table 2*).

Graph 2

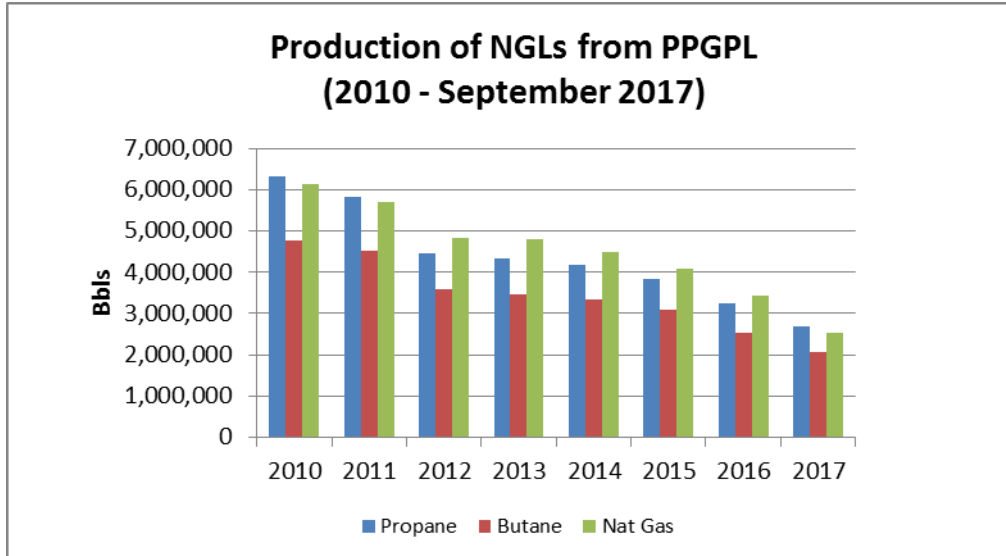


Table 1

Export of NGLs from PPGPL (in Bbls)				
	Propane	Butane	Natural Gasoline	Total
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

Export of NGLs from PPGPL (in Bbls)				
	Propane	Butane	Natural Gasoline	Total
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	176,520	94,949	0	271,469
May-17	374,641	30,035	322,472	727,148
Jun-17	171,979	85,443	327,831	585,253
Jul-17	364,095	225,730	319,894	909,719
Aug-17	229,492	306,003	325,326	860,821
Sep-17	370,909	40,510	320,023	731,442
Total	2,505,030	1,411,741	2,569,470	6,486,241

Export of NGLs from PPGPL (in Bbls)				
	Propane	Butane	Natural Gasoline	Total
Jan-16	334,460	159,814	301,989	796,263
Feb-16	166,018	107,231	299,259	572,508
Mar-16	264,583	158,152	300,006	722,741
Apr-16	361,034	99,682	300,588	761,304
May-16	242,167	163,975	327,791	733,933
Jun-16	122,251	32,767	300,108	455,126
Jul-16	285,427	89,675	325,693	700,795
Aug-16	79,090	104,721	180,008	363,819
Sep-16	222,520	104,918	319,072	646,510
Total	2,077,550	1,020,935	2,654,514	5,752,999

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

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



At the current price of \$23.50 the trailing P/E ratio is 17.0 times and the historic dividend yield is 6.4 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.

Financial Year End	December 31
Symbol on TTSE	NGL
Issued Share Capital	116.10MM
Market Capitalization	\$2.67B
Current Price (as at November 14, 2017)	\$23.53
52 Week Price Range	\$20.30 - \$23.78
Trailing EPS	\$1.38
Trailing Price to Earnings Multiple	17.1 x
Current Book Value/Share	\$21.17
Price to Book	1.1 x
Return on Average Equity	7.1%
Return on Average Assets	7.1%
Dividend Yield	6.4%

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