

Trinidad and Tobago NGL Limited (TTNGL) Results for the First Quarter Ended March 31, 2018

Key Points:

Phoenix Park Gas Processors Limited ('PPGPL') improved performance was directly linked to higher product prices which were 16.5 per cent above the corresponding period in 2017.

The increased revenue from Natural Gas Liquids (NGLs) was derived from the sale of condensate, continued robust and sustained cost management initiatives.

PPGPL continues to focus on strategic added value initiatives - with the successful implementation of the Condensate Project and the near completion of the Product Trading Project.

Earnings Per Share (EPS):

TTNGL reported an EPS of \$0.40, up 8.11 per cent or \$0.03 per share on the corresponding period's EPS of \$0.37 in FY17.

EPS recorded in Q1 2018 was the highest over the past four first quarters.

Dividend:

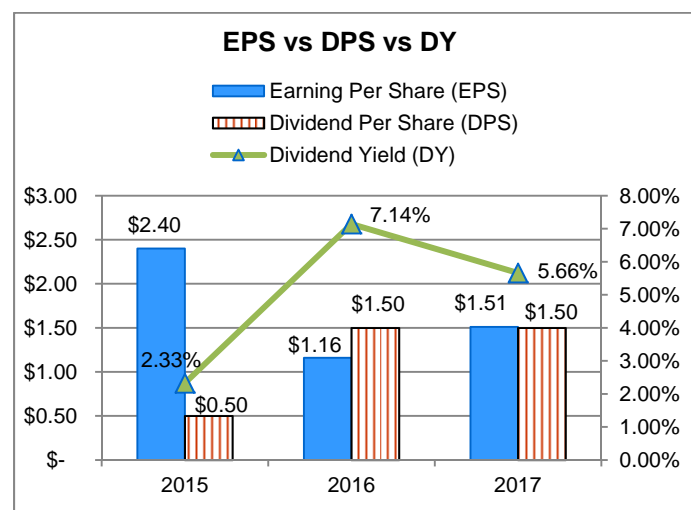
The Board of Directors declared a final dividend of \$1.00 per share (2016: \$1.00) which when coupled with the interim dividend of \$0.50 brings the total dividend paid for fiscal 2017 to \$1.50 (2016: \$1.50). The final dividend was paid on April 12, 2018 to shareholders on record as at March 28, 2018. 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 one of the highest dividend yields on the Trinidad and Tobago Stock Exchange.

Dividend	Interim	Final	Special	Total	Dividend Yield
2017	0.50	1.00	0.00	1.50	5.66%
2016	0.50	1.00	0.00	1.50	7.14%
2015	0.00	0.00	0.50	** 0.50	2.33%

** TTNGL was first listed on TTSE in 2015, hence the reason for the low dividend payment and yield recorded in that year

Financial Year End	December 31
Symbol on TTSE	NGL
Issued Share Capital	116.10MM
Market Capitalization	\$3.15B
Current Price (July 13, 2018)	\$29.75
52 Week Price Range	\$21.60 - \$29.75
Trailing EPS	\$1.54
Price to Earnings Multiple	19.3 x
Current Book Value/Share	\$21.08
Price to Book	1.4 x
Return on Equity	7.5%
Return on Assets	7.3%
Dividend Yield (July 13, 2018)	5.2%

Diluted EPS	Q1	Q2	Q3	Q4	Total
2018	0.40				
2017	0.37	0.22	0.38	0.54	1.51
2016	0.20	0.27	0.28	0.41	1.16
2015	0.24	0.32	0.29	1.55	2.40



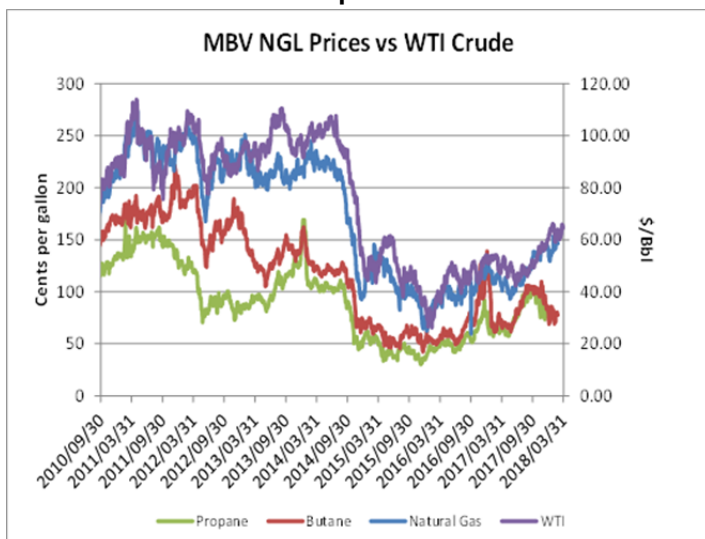
Income Statement as at March 31, 2018

	Q118	Q117	\$ Change	% Change	Change	YE17
	\$'000	\$'000	Q118 - Q117	Q118 - Q117		\$'000
Profit from investment	61,422	57,227	4,195	7.33%	↑	216,560
Interest income	140	186	(46)	-24.73%	↓	608
FX gain	1,169	0	1,169	100.00%	↑	0
Total Income	62,731	57,413	5,318	9.26%	↑	217,168
Expenses						
Impairment	0	0	0	0.00%	→	19,499
Legal fees	(431)	(129)	(302)	234.11%	↓	(979)
Other expenses	0	0	0	0.00%	→	(290)
Profit before tax	62,300	57,284	5,016	8.76%	↑	235,398
Income tax	(476)	(358)	(118)	32.96%	↑	(1,655)
Profit/(loss)	61,824	56,926	4,898	8.60%	↑	233,743
EPS						
Basic	\$0.40	\$0.37	\$0.03	8.11%	↑	\$1.51
Diluted	\$0.40	\$0.37	\$0.03	8.11%	↑	\$1.51

Balance Sheet as at March 31, 2018

	Q118	Q117	\$ Change	% Change	Change	YE17
	\$'000	\$'000	Q118 - Q117	Q118 - Q117		\$'000
Non - Current Assets	3,039,675	3,003,103	36,572	1.22%	↑	3,040,436
Current Assets	378,900	416,738	(37,838)	-9.08%	↓	330,694
Total Assets	3,418,575	3,419,841	(1,266)	-0.04%	↓	3,371,130
Total Equity	3,263,363	3,262,991	372	0.01%	↑	3,370,656
Current Liabilities	155,212	156,850	(1,638)	-1.04%	↓	474
Total Equity and liabilities	3,418,575	3,419,841	(1,266)	-0.04%	↓	3,371,130

Graph 1



Financials:

Total Income closed at \$62.73MM, up 9.26 per cent or \$5.32MM from Q117's total of \$57.41MM. Profit Before Tax for Q118 stands at \$62.30MM, up 8.76 per cent or \$5.02MM from \$57.28MM in Q117. Profit After Tax totaled \$61.82MM in Q118 up 8.60 per cent or \$4.90MM from \$56.93MM in Q117.

Total Assets had a marginal decrease of 0.04 per cent or \$1.26MM to \$3.42B in Q118. Total Equity amounted to \$3.26B in Q118 and Current Liabilities decreased by 1.04 per cent or \$1.64MM to close at \$155MM.

Production:

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 March 2018 was US\$65/barrel an increase from US\$60/barrel in December 2017. The United States Energy Information Administration (EIA) forecasts that WTI crude oil prices will average about US\$58/barrel in 2018 and \$58/barrel in 2019.

NGL product prices are fluctuating as shown in *Graph 1*, as at March 2018 the MBV price of propane was down approximately 19 per cent, the price of butane was down 26 per cent while the price of natural gasoline was up 4.64 per cent when compared to prices in December 2017.

Production of NGLs from PPGPL rose 6.43 per cent to 9.81 million barrels in 2017 from 9.21 million barrels in 2016, as shown in *Graph 2*. However in the first quarter of 2018 the production of NGLs has been on a downward trajectory, when compared to the corresponding period in 2017.

Additionally we can see from *Table 1* that exports of propane, butane and natural gasoline from PPGPL are rising gradually by 6.82 per cent to 8.54 million bbls in 2017 from 8.00 million bbls in 2016. Unfortunately, for

the first quarter in 2018, we are seeing a decline in the exports of NGLs moving from 2.40 million bbls in Q117 to 2.32 million bbls in Q118 which represents a decrease of 3.18 per cent (see Table 2).

Key Development:

In light of the 20 year LNG Train 1 agreement coming to an end this year the Government of Trinidad & Tobago advocated reopening negotiations on the other three trains. Trinidad & Tobago and Royal Dutch Shell are working towards a September 2018 agreement to establish a negotiating team to work on a priority basis on a number of matters including, but not limited to, Atlantic LNG and the socio-economic contribution of the LNG business to Trinidad & Tobago, extension of various upstream Production Sharing Contracts (PSC), Venezuelan initiatives and new domestic gas arrangements.

On April 06, 2018, the National Gas Company of Trinidad and Tobago (NGC) announced it had signed a commercial agreement with Global Petroleum Group (GPC) which includes a first right of refusal which would give Trinidad and Tobago the first option to buy Grenada's natural gas.

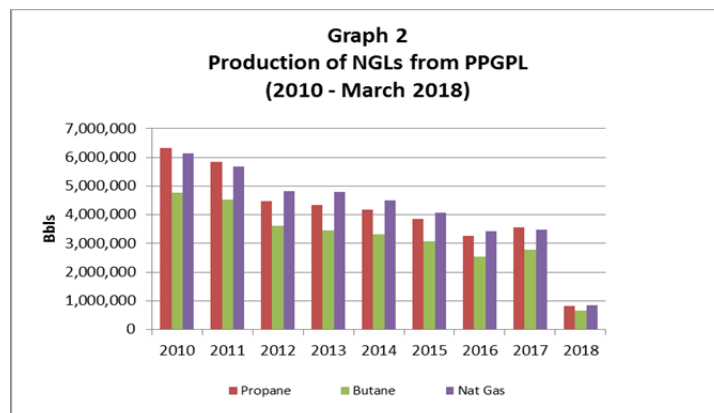


Table 1
Export of NGLs from PPGPL (in Bbls)

	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
2017	3,275,707	1,745,614	3,519,700	8,541,021

Table 2
Export of NGLs from PPGPL (in Bbls)

	Propane	Butane	Natural Gasoline	Total
Jan-18	203,018	33,904	324,929	561,851
Feb-18	427,178	228,214	315,061	970,453
Mar-18	287,090	189,415	315,128	791,633
Total	917,286	451,533	955,118	2,323,937

	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
Total	817,394	629,071	953,924	2,400,389