



JMMB Investments (T&T) LIMITED
 169 Tragarete Road
 Port Of Spain
 Tel: 1 (868) 224-5662, 224-5663, 224-5664, 627-1155
 Fax:1 (868) 224-5666
 Email: jmmbinvestmentsttresearch@jmmmb.com

A MEMBER OF THE **JMMB** GROUP

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 Laura Rajcoomar
 Investment Analyst
aura_rajcoomar@jmmmb.com

Guardian Holdings Limited (GHL) continues to show strong performance as at September 30th, 2021

GHL's Financial Summary	Nine-Months Ended 30-Sep-21	Nine-Months Ended 30-Sep-20	\$ change	% change
<u>Income Statement Extract</u>				
	TT\$'000	TT\$'000	\$'000	
Profit after Tax	472,518	476,174	(3,656)	↓ -0.8%
Earnings per share (Expressed in cents)	1.97	2.09	(0.12)	↓ -5.7%
Gross Written Premiums	5,369,133	4,991,878	377,255	↑ 7.6%
<u>Balance Sheet Extract</u>				
Total Assets	34,433,588	32,608,101	1,825,487	↑ 5.6%
Total Liabilities	29,555,142	28,410,244	1,144,898	↑ 4.0%
Shareholder's Equity	4,878,446	4,197,857	680,589	↑ 16.2%
<u>Cash Flows Extract</u>				
Net cash used in operating activities	(233,751)	932,421	(1,166,172)	↓ -125.1%
Net cash from investing activities	(58,370)	(264,875)	206,505	↑ 78.0%
Net cash used in financing activities	320,181	648,264	(328,083)	↑ 50.6%
Net increase in cash and cash equivalents	28,060	1,315,810	(1,287,750)	↓ -97.9%
<u>Metrics</u>				
Book Value Per Share (in TT\$)	21.03	18.09	2.94	↑ 16.3%
Market Price (in TT\$)	32.85	19.02	13.83	↑ 72.7%
Market to Book Ratio	1.56	1.05	0.51	↑ 48.6%

Note: Green arrows indicate growth while red indicate contractions

GHL YTD Price Performance



Quarterly Update



Valuation	
Current Price	TT\$30.35/JM\$523.08
Trailing P/E Multiple	9.43x
Market to Book Value	1.56x
JMMB Target Price	TT\$32.40/JM\$734.18
Dividend Yield	N/A

For the nine-month period ended September 30, 2021, GHL recorded a 0.8% decline in PAT to TT\$472.5 million from TT\$476.2 million in the corresponding prior period translating into a basic EPS of TT\$1.97. This performance reflects a US\$10 million loss in Guardian Re, GHL's Bermuda based reinsurance company. The loss was primarily a result of heavy rainfall and flooding in Germany in July 2021.

However, Gross Written Premiums (GWP) increased 7.6% to TT\$5.4 billion from TT\$4.9 billion driven by the integration of the life insurance and annuities portfolio acquired by Guardian Life Limited from NCB Insurance Company Limited. Despite the increase in GWP, the Life Insurance segment in Jamaica and Trinidad and Tobago continue to experience pandemic induced challenges.

The Group recorded a 16.0% increase in operating expenses to TT\$1.1 billion from TT\$923 million, however, GHL continues to closely monitor its expenses associated with the implementation of IFRS 17-Insurance Contracts and its transformation initiatives. Additionally, total assets increased by 5.6% to TT\$34.4 billion from TT\$32.6 billion in the corresponding prior period.

Outlook:

In August 2021, JMMB's Research Department recommended an **OUTPERFORM** (10% of your portfolio) rating on GHL with a price target of TT\$37.64/JM\$852.92. The price of GHL at that date was TT\$32.52/JM\$616.60, which was below our fair value range. Since that rating, GHL's share price reached a high of TT\$33.00/JM\$623.59 closing at TT\$30.35/JM\$536.80 as at November 8th, 2021.

Given GHL's performance for the period ended September 30, 2021, we maintain our rating at **OUTPERFORM** (10% of your portfolio) and adjust our target price to TT\$32.40/JM\$734.18 (representing a 6.8% and 40.4% increase respectively from the current price) with a fair value range of TT\$30.78-TT\$34.02 (JM\$697.47-JM\$770.89).