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A MEMBER OF THE JMMB GROUP

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Quarterly Update

NEL declares interim dividend of \$0.03 per share

NEL's Financial Summary	Six-Months Ended 30-Sep-21	Six-Months Ended 30-Sep-20	\$ change	% change
Income Statement Extract				
	TT\$'000	TT\$'000	TT\$'000	
Profit before tax	848,072	(106,772)	(954,844)	↑ 894.3%
Total Comprehensive Income	843,385	(112,337)	(955,722)	↑ 850.8%
Gain/Loss on Fair Value Revaluation on investments	847,784	(107,474)	(955,258)	↑ 888.8%
Dividend Income	4,183	3,113	1,070	↑ 34.4%
Balance Sheet Extract				
Total Assets	3,075,011	2,389,721	685,290	↑ 28.7%
Total Liabilities	3,040	2,576	464	↑ 18.0%
Shareholder's Equity	3,071,971	2,387,145	684,826	↑ 28.7%
Cash Flows Extract				
Net cash from operating activities	4,150	5,567	(1,417)	↓ -25.5%
Net cash from investing activities	88,668	521	88,147	↑ 16918.8%
Cash and cash equivalents	138,142	22,375	115,767	↑ 517.4%
Metrics				
Book Value Per Share	5.12	3.98	1.14	↑ 28.6%
Market Price	3.25	4.00	-0.75	↓ -18.8%
Market to Book Ratio	0.63	1.01	-0.37	↓ -36.8%

Note: Green arrows indicate growth while red indicate contractions



Valuation	
Current Price	TT\$3.29
P/E Multiple	2.35x
Market to Book Value	0.63x
JMMB New Target Price	TT\$3.27
Dividend Yield	0.91%

For the six-month period ended September 30 2021, NEL recorded an increase in profit before tax to \$848 million from a \$106.8 million loss position in the prior period. This improvement was primarily driven by an increase in the fair market value of NEL's portfolio of investee companies with gains in the fair value of Trinidad Nitrogen Company Limited (194%), NGC NGL Company Limited (13%) and Pan West Engineers and Constructors LLC (13%). These gains reflect the turnaround in commodity prices as markets recover from the impact of the Covid-19 pandemic, as well as increased supply of natural gas and energy demand in key commercial and industrial sectors locally.

Additionally, dividend income increased 34.4% to \$4.2 million from \$3.1 million in the corresponding period year. Furthermore, total assets increased 28.7% to \$3.08 billion from \$2.39 billion in the prior period.

Given NEL's financial performance over the period, an interim dividend of \$0.03 per share was declared, payable on December 15, 2021.

Outlook:

In September 2021, JMMB's Research Department recommended an **UNDERPERFORM** (2.5%-4.9% of your portfolio) rating on NEL with a price target of \$2.85. The price of NEL at that date was \$3.37, which was above our fair value range. Since that rating NEL's share price fell marginally, closing at \$3.29 as at November 15, 2021.

We revise our rating on NEL at **MARKETPERFORM** (5% of your portfolio) and our target price to \$3.27 (0.6% below the current price). However, despite the significant improvement in the fair market value of the energy companies within NEL's portfolio, non-energy companies like NFM and TSTT continue to experience supply-chain disruptions and lower revenues respectively. If the increase in the fair market value of the energy companies cannot offset a decline in the fair market value for the non-energy companies, NEL will return to a loss making position.

NEL YTD Price Performance

