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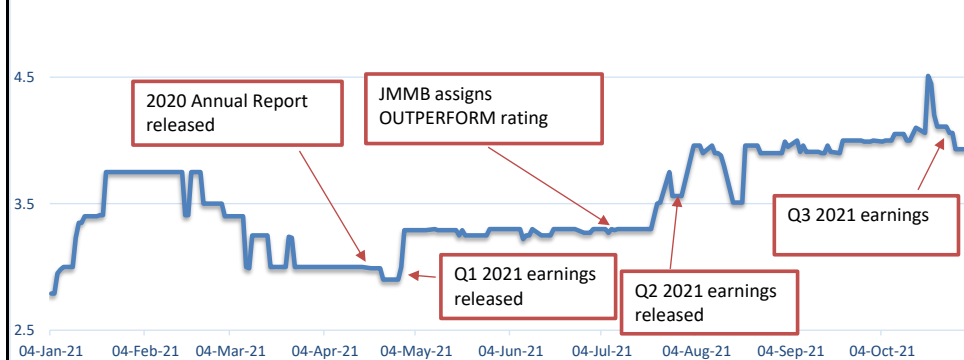
Nov 2021
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Trinidad Cement Limited (TCL) Positive signs but slowing momentum

TCL's Financial Summary	Nine Months Ended 30-Sep-21	Nine Months Ended 30-Sep-20	\$ change	% change
Income Statement Extract				
	TT\$'000	TT\$'000	TT\$'000	
Profit after Tax	60,584	48,908	11,676	↑ 23.9%
Revenue	1,406,243	1,258,809	147,434	↑ 11.7%
Earnings per share	0.07	0.05	0.02	↑ 40.0%
Dividend per share (in \$ per share)	\$ -	\$ -	-	NA
Balance Sheet Extract				
Total Assets	2,294,826	2,304,121	(9,295)	↓ -0.4%
Total Liabilities	1,581,359	1,577,774	3,585	↑ 0.2%
Shareholder's Equity	713,467	726,347	(12,880)	↓ -1.8%
Cash Flows Extract				
Net cash from operating activities	183,008	292,393	(109,385)	↓ -37.4%
Net cash from investing activities	(67,603)	(45,378)	(22,225)	↓ -49.0%
Net cash used in financing activities	(118,527)	(241,492)	122,965	↑ 50.9%
Cash and cash equivalents	84,239	91,100	(6,861)	↓ -7.5%
Metrics				
Book Value Per Share	1.90	1.94	-0.03	↓ -1.8%
Market Price	3.93	2.10	1.83	↑ 87.1%
Market to Book Ratio	2.06	1.08	0.98	↑ 91%

Note: Green arrows indicate growth while red indicate contractions

TCL's YTD Price



Quarterly Update



Valuation	
Current Price	TT\$3.81
Trailing P/E Multiple	N/A
Market to Book Value	2.00x
JMMB Target Price	TT\$4.31
Trailing Dividend Yield	0.0%

Trinidad Cement Limited (TCL) recorded Profit after Tax for the nine months ended September 30th, 2021 of \$60.58 million, a 23.9% improvement over the comparative period in 2020.

Although their nine month performance is an improvement year over year, a net loss of \$23.2 million was recorded for the three month period from July to September. It was attributed to decreased revenue from their Jamaican subsidiary and maintenance activities carried out during the period. The decreased revenue was caused by adverse weather in Jamaica. Also, during the quarter, TCL made net repayments of \$27 million towards their long-term debt.

Year to date, the group has reduced their debt by \$115.6 million through net repayments.

Outlook:

During Q3, TCL announced their entering into an agreement with CEMEX which would take effect from FY 2022. Through that agreement, TCL will gain access to intellectual properties and corporate services from CEMEX at a cost based on "arm's length pricing" that can't exceed 4% of the group's sales.

While we expect that the resumption of public works and infrastructure expenditures in Trinidad & Tobago will drive TCL's revenue in the near future, the new cost associated with the agreement will likely reduce profit margins. As such, the value available to shareholders will be impacted.

JMMB research department in July, 2021, issued an OutPerform (up to 10% of your portfolio) rating on TCL. The price of TCL at that date was \$3.30, and it has since increased by 19% to \$3.93.

Due to our expectations of the agreement's impact, we revise our rating on TCL to **MARKETPERFORM (5% of your portfolio)** and adjust our target price to \$4.22 with a fair value range from \$3.79 - \$4.64.