

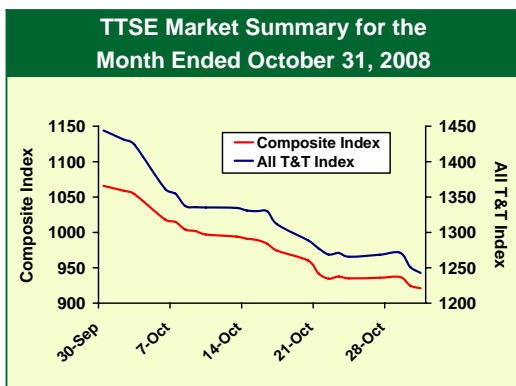


Securing Your Future Is Our Main Investment

## THE WISE CHRONICLE October 2008

### Local Market Summary

The local equity market demonstrated bearish conditions for the month of October. The Composite Index declined a significant 144.4660 points or 13.56 per cent to 921.1546 and the All T&T Index fell 201.3398 points or 13.94 per cent to close the month at 1,242.7558. The bearish reaction of the market for the period under review was also revealed in the advance to decline ratio of 0 to 25.



Market Activity for October resulted in 10,878,984 shares changing ownership, up 44.13 per cent when compared to the 7,547,832 shares traded in September. However, the volume traded was down 22.30 per cent from the 14,001,315 shares traded in the same period in 2007. The value of shares traded for the month amounted to \$201,137,882.39, up 43.28 per cent on last month's value of \$140,378,133.70.

### Volume Leaders

New Cross-Listed security, Supreme Ventures Limited (SVL) was the volume leader for the month of October

with 2,945,083 shares crossing the floor or 27.07 per cent of all trades. Neal & Massy Holdings Limited (NML) was next with 2,239,046 shares traded or 20.58 per cent of the market. The third volume leader was Sagicor Financial Corporation (SFC) which saw 1,662,704 shares changing hands or 15.28 per cent of the total volume traded.

### Major Advances & Declines

There were no advances for the period under review. Declines were led by National Enterprises Limited (NEL) which fell 35.15 per cent or \$3.94 to \$7.27. Point Lisas Industrial Port Development Corporation Limited (PLD) followed, down 25.39 per cent or \$3.06 to \$8.99. National Commercial Bank Jamaica Limited (NCBJ) was next, dropping 21.62 per cent or 40 cents to \$1.45.

### Jamaica Market Summary

In Jamaica, the Indices ended the month of October in negative territory. The Market Index fell 8,267.97 points or 8.82 per cent to close at 93,750.90; the Select Index declined 255.51 points or 10.19 per cent to 2,508.56 and the All Jamaican Composite dropped 9,348.58 points or 10.17 per cent to 91,938.97. Advances were significantly outnumbered by declines by a ratio of 3 to 38.

Trading activity resulted in 384,711,465 shares changing hands valued at over JMD2,761,012,975.99. SVL took the title of volume leader with 33.02 per cent of the market or 127,034,095 shares traded.

### PHL Releases Nine Months Results

#### Results for the Nine Months Ended August 31, 2008

#### Earnings Per Share

Prestige Holdings Limited (PHL), for the Nine Months Ended August 31 2008, reported a diluted Loss Per Share (LPS) of 0.44 cents compared to a diluted Earnings Per Share (EPS) of 24.0 cents in the corresponding period of fiscal 2007. Q308 on Q307, the Company's EPS was up an outstanding 98.5 per cent or 6.6 cents from 6.7 cents to 13.3 cents. According to the Chairman, the results were generated from an average of 84 restaurants compared with 78 in the same period of 2007. The Group ended the period with 85 restaurants, excluding Puerto Rico.

#### Financial Highlights (NM08 on NM07)

- Sales, up 17.6 per cent or \$81.3 million to \$542.3 million

- Cost of Sales, up 19.2 per cent or \$59.5 million to \$369.8 million
- Gross Profit, up 14.5 per cent or \$21.8 million to \$172.5 million
- Operating Restaurants Expenses, up 23.4 per cent or \$26.7 million to \$141.1 million
- Operating Restaurants Profit, down 13.5 per cent or \$4.9 million to \$31.4 million
- Net Finance Costs, up 40.5 per cent or \$3.2 million to \$11.3 million
- Pre-Opening Expenses, down 36.8 per cent or \$0.7 million to \$1.2 million
- Profit Before Taxation from Continuing Operations, down 28.2 per cent or \$7.4 million to \$18.9 million
- Profit After Taxation from Continuing Operations, down 30.6 per cent or \$5.7 million to \$13.0 million

A synopsis on the various markets in which the Group operates are as follow:

#### Trinidad and Tobago

In Trinidad and Tobago, the KFC, Pizza Hut and T.G.I. Friday's restaurants performed extremely well in Q308, despite extensive food cost inflation. Additionally, the Company has experienced improvements with its labour challenges through focused training and incentive programmes. However, the Company continues to be challenged by absenteeism and staffing levels.

#### Dominican Republic

The KFC and T.G.I. Friday's restaurants in the Dominican Republic have endured the brunt of energy and food cost inflation in a declining economy and profitability is below Plan. However, according to the Chairman, brand awareness, service and product quality are high. Furthermore, the Company has minimal debt and it is expected that this market will continue to generate earnings for the Group.

#### Other Markets

The T.G.I. Friday's restaurants in Barbados and Jamaica are also experiencing significant energy and food cost inflation. Jamaica continues to produce good sales levels and management is currently securing alternative supply sources in both these markets in order to counteract the rising food costs.

#### Recommendation

The Chairman stated that with the Company's exit from the Puerto Rico operations earlier this year and removal of that loss from the Group, a better second

half year in 2008 is anticipated, as management refocuses on its core businesses and cost efficiency. The shares of PHL are currently trading at a price of \$3.60 on the local exchange. At our forecasted EPS of \$0.10 and the current price, PHL is trading at a very high price to earnings multiple of 36.0 times. Hence, at this time, we continue to recommend a **SELL** on this share.

### SFC Releases Nine Months Results

Results for the Nine Months Ended September 30, 2008

All figures quoted in United States Dollars unless otherwise stated

#### Earnings Per Share

For the Nine Month Ended September 30, 2008, Sagicor Financial Corporation (SFC), reported a diluted Earnings Per Share (EPS) of 19.7 cents, up 4.79 per cent on the corresponding EPS of 18.8 cents in FY07. Q308 on Q307, the Group's EPS declined 17.2 per cent or 1.6 cents from 9.3 cents to 7.7 cents. The Chairman stated that all major subsidiaries within the Group returned strong results for the period under review.

#### Financial Highlights:

- Net Premium Revenue, up a significant 50.9 per cent or \$153.3 million to \$454.2 million.
- Net Investment and Other Income, up 7.4 per cent or \$17.0 million to \$245.8 million
- Total Revenue, up 33.0 per cent or \$174.9 million to \$704.6 million
- Net Benefits, up 37.6 per cent or \$102.4 million to \$374.6 million
- Expenses, up 36.4 per cent or \$64.6 million to \$241.9 million
- Total Benefits and Expenses, up 37.1 per cent or \$167.0 million to \$616.5 million
- Group Net Income, up 8.3 per cent or \$5.7 million to \$74.1 million
- Net Income Attributable to Shareholders, up 9.1 per cent or \$4.6 million to \$54.7 million

#### Recommendation

In view of the global financial crisis and the Group's current exposure to its international operations, we are revising our forecasted EPS for FY08 downwards to TT\$2.10. SFC last closed at a price of \$14.49 on the local exchange. At the current price and the revised forecasted EPS, this share is trading at a P/E multiple

of 6.9 times. In addition, using a multiple of 11 times and the revised forecasted EPS, this share has an expected return of approximately 59 per cent or a target price of TT\$23.10. Hence, at this time we continue to recommend a **BUY** on this share.

### BER Releases Nine Months Results

Results for the Nine Months Ended September 30, 2008

#### Earnings Per Share

For the Nine Month Ended September 30, 2008, Berger Paints Trinidad Limited (BER) reported a Net Loss of \$1.2 million. This represented a Loss Per Share (LPS) of 22 cents compared to a LPS of 20 cents in NM07.

#### Financial Highlights:

- Revenue up 18.2 per cent from \$31.5 million to \$37.2 million
- Expenses up 12.8 per cent or \$4.3 million to \$37.9 million
- Loss from Operations down a significant 68.9% or \$1.4 million to \$0.6 million
- Net Loss up 12.5 per cent or \$0.1 million to \$1.2 million

#### Recommendation

According to the Chairman, as the Company enters its peak period, management continues to be optimistic that a profit would be realized at year end. Additionally, costs are under control despite spiraling inflation and sales continue to increase. BER is currently trading at a price of \$3.25 on the local market. At the current price and our forecasted EPS of \$0.07 for fiscal 2008, this share continues to trade at a very high P/E multiple of 46.4 times. At this time, we recommend a **SELL** on this share.

A Member of the  **FINANCIAL GROUP**

*West Indies Stockbrokers Limited (WISE) is a subsidiary of RBTT Financial Group. From time to time WISE and/or its staff may take positions in some or all of the shares mentioned in our report. WISE welcomes your comments. Please e-mail us at [info@wisett.com](mailto:info@wisett.com).*

## WISE STOCK MARKET QUOTATIONS AS AT OCTOBER 31, 2008

	Hist Eps	Est Eps	Est Div	Curr Price	Est Yield %	Est P/E Ratio
<b>Bank</b>						
FirstCaribbean	107.0	73.0	28.0	9.26	3.02	12.68
NCB Jca	25.0	28.0	7.0	1.45	4.83	5.18
Republic Bank	834.0	780.0	300.0	88.00	3.41	11.28
Scotiabank	210.4	255.0	100.0	31.00	3.23	12.16
<b>Non-Bank Fin</b>						
ANSA Fin & Merch	207.0	235.0	95.0	32.00	2.97	13.62
Capital & Credit	2.8	7.0	0.0	0.69	0.00	9.86
Scotia DBG	29.0	30.0	12.0	2.16	5.56	7.20
Guardian Holdings	59.0	310.0	80.0	20.99	3.81	0.00
JMMB	7.0	7.0	1.8	0.76	2.37	10.86
National Enterprises	89.0	89.0	67.0	7.27	9.22	8.17
Sagicor Financial Corp	203.0	225.0	50.0	14.49	3.45	6.44
<b>Conglomerates</b>						
Ansa Mcal Ltd	351.0	420.0	108.0	53.51	2.02	12.74
Bdos Ship & Trad	150.0	165.0	66.0	27.93	2.36	16.93
GraceKennedy	91.7	75.0	8.0	5.25	1.52	7.00
Neal and Massy	415.0	515.0	155.0	50.26	3.08	9.76
<b>Trading</b>						
Agostini's Ltd	103.0	115.0	46.0	9.74	4.72	8.47
Furness Trinidad	68.0	80.0	0.0	6.15	0.00	7.69
L J Williams Ltd. - 'A'	0.8	0.5	0.2	0.60	0.33	120.00
L J Williams Ltd. - 'B'	48.0	60.0	9.0	1.90	4.74	3.17
Prestige Holdings	24.4	10.0	6.0	3.25	1.85	32.50
Supreme Ventures	1.0	2.0	0.0	0.24	0.00	12.00
<b>Property</b>						
PLIPDECO	105.0	0.0	0.0	8.99	0.00	0.00
Valpark	138.0	138.0	0.0	5.00	0.00	3.62
<b>Manufacturing</b>						
Angostura Holdings	-67.0	0.0	0.0	6.29	0.00	0.00
Berger Paints	-5.0	7.0	19.0	3.25	5.85	46.43
Flavorite Foods	83.0	100.0	42.0	6.41	6.55	6.41
National Flour Mills	-45.0	0.0	0.0	0.80	0.00	0.00
One Caribbean Media	133.0	140.0	77.0	17.50	4.40	12.50
Readymix WI	316.0	380.0	24.0	31.60	0.76	8.32
Trinidad Cement	77.0	85.0	8.0	7.07	1.13	8.32
Trinidad Publishing	120.0	140.0	55.0	22.93	2.40	16.38
Unilever Caribbean Ltd	138.0	140.0	100.0	20.00	5.00	14.29
WITCO	186.0	215.0	211.0	28.97	7.28	13.47

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