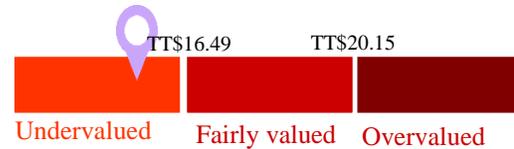


AHL Investor Update

The Impact of COVID-19 on Angostura Holdings Limited

In 2020, JMMB Investments commenced coverage of Angostura Holdings Limited (AHL). As part of JMMB Investments valuation process, JMMB Investments Analyst David Paul reached out to AHL's investor relations department requesting answers, clarifications and managements take on the direction of the company. To date we haven't received a response from the company.

However, on June 1st, 2020, in an article published in the business section of the Express newspaper the Chairman of AHL addressed a few of our questions.



Valuation	
Current Price	TT\$14.90
Trailing P/E Multiple	21.29x
Market to Book Value	2.66x
JMMB Target Price	TT\$18.32
Dividend Yield	1.7%

The material points coming out of the Chairman's interview with the Business Express is as follows:

1. AHL saw an increase in sales during the pandemic. While AHL noticed a drop in income from bars and other establishments, there was an increase in income from supermarkets and wholesalers.
2. AHL noticed during the closure of some States in the US that people started buying bitters more off premises. So the bars and hotels and restaurants were closed but people were using Amazon, Instacard, Target and Walmart to buy bitters.
3. In their international markets, people switched their behavior and started drinking at home or occasional social drinking. So, in his opinion, the cocktail industry increased. AHL saw a rise in bitters sales as people were mixing cocktails at home.
4. The firm saw some declines in Russia and some European markets but they fared well collectively.
5. AHL is expected to launch two new products for their local and international markets and the Chairman expects these products to boost revenue.
6. The cost of the hand sanitizers donated by AHL was in excess of TT\$ 1.4 million.
7. The Chairman also announced that the Waste Water Treatment Plant (WWTP) will be commissioned in August.

In our report released on the 26th June, 2020, we indicated that we expected revenue for AHL to fall by -12% in 2020 due to the impact of COVID-19 prevention measures. We now know that the measures shifted demand for AHL products rather than reducing demand. Due to this, we have revised our revenue growth projection in our model for 2020 to 5%. We have also accounted for the expenses incurred as a result of the production of the hand sanitizers. We also adjusted gross margins to 50% from 49% due to the expectation that the WWTP Project will be completed in 2020.

As a result of these adjustments to our model, we revise our rating on AHL from MarketPerform to **OutPerform** and revise our target price to \$18.32.

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