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A MEMBER OF THE **JMMB** GROUP

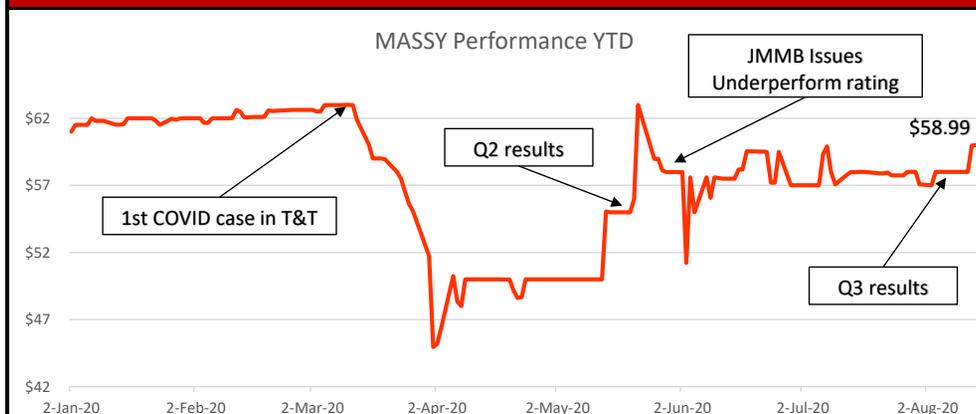
Quarterly Update

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MASSY profits slip as COVID hammers Automotive Portfolio

MASSY's Financial Summary	Quarter Ended 30-Jun-20	Quarter Ended 30-Jun-19	\$ change	% change
Income Statement Extract				
	TT\$'000	TT\$'000	TT\$'000	
Revenue	2,347,122	2,924,135	(577,013)	↓ -19.7%
Owner's Profit after Tax	101,485	115,284	(13,799)	↓ -12.0%
Earnings per share	1.03	1.18	(0.15)	↓ -12.7%
Balance Sheet Extract				
Total Assets	13,061,673	12,013,079	1,048,594	↑ 8.7%
Total Liabilities	7,023,951	6,185,773	838,178	↑ 13.6%
Shareholder's Equity	6,037,722	5,827,306	210,416	↑ 3.6%
Cash Flows Extract				
Net cash from operating activities	171,899	157,919	13,980	↓ -8.9%
Net cash from investing activities	129,257	1,093	128,164	↓ -11725.9%
Net cash used in financing activities	(75,267)	(83,632)	8,365	↓ -10.0%
Cash and cash equivalents	1,787,923	1,606,320	181,603	↑ 11.3%
Metrics				
Book Value Per Share	58.92	56.98	1.94	↑ 3.4%
Market Price	57.00	55.04	1.96	↑ 3.6%
Market to Book Ratio	0.97	0.97	0.00	↑ 0%

Note: Green arrows indicate growth while red indicate contractions



Valuation	
Current Price	TT\$60.00
JMMB New Target Price	TT\$53.68
Trailing P/E Multiple	11.19x
Forward P/E Multiple	10.36x
Market to Book Value	1.02x
Dividend Yield	3.70%

For the Quarter ended June 30th 2020, MASSY realized profit attributable to equity holders of \$101.5MM, an decrease of 12% or \$13.8MM when compared to the prior year. This as a result of lockdowns and curfew orders for much of the quarter in most countries where the group operates. A notable exception to this was the Integrated Retail (IR) Portfolio, which was able to operate without major interruption. Although the IR portfolio is MASSY's largest by revenue, margins are much slimmer than the Gas Products and Motors & Machines Portfolio which are more economically sensitive and therefore were more adversely impacted. Growth in the balance sheet can be attributed to the implementation of IFRS 16, which was discussed in previous updates.

Outlook:

JMMB Research Department in May 2020, issued an Underperform (2.5% to 5% of your portfolio) rating on MASSY with a price target of \$53.11 based on increased risk in the region and expected difficulty, especially in the Motors & Machines Portfolio, due to a slowdown in economic activity. This slowdown looks likely to persist for some time as MASSY Motors furloughed 68 employees and placed an additional 35 on rotation. Executive Vice President David O'Brien stated this was done as they "realised we did not need 460 people to run a business that was likely to see reduced business." He also mentioned that he hoped to bring everyone back in September, though that plan is likely in jeopardy as a 2nd wave of COVID cases sweeps across T&T which is MASSY's largest market.

We maintain our rating on MASSY at UNDERPERFORM and adjust our target price to \$53.68. We expect MASSY to generate an EPS of \$1.96 in Q4, bringing its full year EPS in FY 2020 to \$5.40 which represents a year on year decline of 6%. We believe that the worst of the economic effects to the group are now behind us, with countries cautiously reopening. In addition, chairman Robert Bermudez continues to tout the benefits from the autonomy provided to the IR, Gas Products and Motors & Machines Portfolios, which has allowed them to respond to developments with greater speed and agility.

These benefits are balanced by a decrease in economic activity and growth in the region, with some of the group's more profitable segments adversely affected due to their economic sensitivity. In addition, MASSY is currently trading at a premium P/E multiple, relative to its historical average.