



# Fort \ 72 IQ

Region – Guyana

Asset Class – Demerara Distillers Limited

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**Company Description** – Demerara Distillers Limited is one of the leading manufacturing companies in Guyana specializing in the production of food products, alcoholic and nonalcoholic beverages. The company holds subsidiaries in St. Kitts, USA and Europe, and an expanded distribution service through Distribution Services Limited, and Demerara Shipping Company Limited.

**General Market** – Guyana’s economy has grown by 14.5% during first six months of 2021 due to heighten activities in almost all the major sectors such as petroleum, gas, construction, manufacturing, and servicing. Although, the agriculture sector recorded a decline in output due to unprecedented flooding in May and June of 2021, the economy is still projected to grow by 5.9% during the second six months of 2021, ending the year at a 20.4% growth rate. Some of the major factors contributing to this projected growth rate are higher oil outputs and higher oil prices.

Inflation and interest rates should also be considered as we closely monitor growth prospects for the rest of the year. During the first six months of 2021 inflation was at a 5.6% rate. This was primarily due to an increase in food prices, oil prices, and goods and services prices. Inflation is currently projected to remain within the single digit range for the rest of 2021, meanwhile, the value of the Guyana dollar relative to the United States dollar remained constant at US\$1.00 = G\$208.50, year-over-year, from of September 2020 until September 2021.

**Industry Analysis** – This industry is going to be uptrend due to an increase in oil exports and robust oil commodity prices. Demand for products will increase due the relaxing of COVID -19 pandemic restrictions including curfews, limitation on space for workers and more gathering of large groups of people and indoor events

### Annual Report Highlights

- Auditor – TSD Lal & Co
- Earnings per share – \$6.22
- Dividend – per share for 2021 was GYD \$1.55
- Number of shares outstanding – 770 000 000
- Effective tax rate – non -commercial / commercial 40%

## Management's Shares

DIRECTOR	ORDINARY SHARES AT NO. PAR. VALUE			
	Beneficial Interest		Associates' Interest	
	2021	2020	2021	2020
Komal Samaroo	931,646	931,646	1,137,141	1,137,141
Egbert Carter	Nil	Nil	Nil	Nil
Rudolph Collins	929	929	Nil	Nil
Timothy Jonas, S.C.	109,634	109,634	Nil	Nil
Harryram Parmesar	234,463	234,463	Nil	Nil
Lancelot Tyrell	29,750	29,750	Nil	Nil
Joseph Singh	Nil	Nil	Nil	Nil
Sharda Veeren-Chand	1,500,000	1,500,000	Nil	Nil
Sharon Sue-Hang	610,477	552,334	Nil	Nil
Allison Thorne	Nil	Nil	Nil	Nil

From Pg.26 of Demerara Distillers Limited Annual Report 2021

## Institutional Shareholders

COMPANY	2021		2020	
	# of Shares	% Shareholding	# of Shares	% Shareholding
Trust Company (Guyana) Limited	235,425,645	30.57	235,351,574	30.57
Secure International Finance Co. Inc.	142,582,506	18.52	142,582,506	18.52
National Insurance Company	61,600,000	8	61,600,000	8

From Pg.28 of Demerara Distillers Limited Annual Report 2021

### ISSUED SHARE CAPITAL OF SUBSIDIARIES

Demerara Technical Services Limited	10,000,000 shares at no par value
Demerara Shipping Company Limited	5,000,000 shares at no par value
Distribution Services Limited	10,000,000 shares at no par value
Tropical Orchard Products Company Limited	13,300 shares at \$1,000
Breitenstein Holdings BV	22,689 shares at no par value
Demerara Distillers (St. Kitts-Nevis) Limited	10,000 shares at EC\$270
Demerara Distillers (TT) Limited	2 shares at no par value
Demerara Distillers (US) Inc.	90,000 shares at no par value

From Pg.28 of Demerara Distillers Limited Annual Report 2021

## Fort \ 72 IQ Metrics

*Note: The data used for our evaluation below is based on the company's annual report and GASCI session 893-945 for the fiscal year 2020 – 2021.*

Price movement: GY \$ 120 - 135

Price to earnings: 21.7

Dividend: GYD \$1.55

Dividend yield: 1.15%

YOY dividend increase: 24%

Market Capitalization: 103 950 000 000

At price per share 135 from GASCI trading sessions #945

## Guyana's Future Outlook

According to the World Bank's latest Global Economic Prospects report, Global growth for 2022 is expected to come in at 4.1%, which is a few basis points lower than the recent 5.5% growth in 2021. These estimates are based on the possibility that COVID-19 will continue to disrupt economic and supply chain activities.

However, those global pressures position Guyana with the opportunity to surpass other countries that are directly fighting these issues. Guyana's economy continues to achieve abnormal growth due to its emerging Oil and Gas Sectors growing by 21.2% in 2021, following 43.5% growth in 2020. (Demerara Distillers Limited, 2021, p.25)

In addition, the Government of Guyana is estimated to pour large capital investments into Guyana's public infrastructure which includes power and human capacity buildings. The effects of these investments and public policy measures are likely to contribute to additional growth in the Guyanese economy and increase spending by local consumers, contributing to the country's GDP.

## Fort \ 72 Investment Thesis

- Track record of growth
- Strong cash flow generation ability
- Diversified lender of companies in country
- No international exposure to the world economy
- Knowledgeable and committed team
- Well positioned for future growth based on country economic conditions

## Calendar of events

### References

Demerara Distillers (2022). *Annual Report 2021*. Retrieved from Demerara Distillers:  
[https://www.demeraradistillers.com/images/pdf/DDL\\_AnnualReport\\_2021.pdf](https://www.demeraradistillers.com/images/pdf/DDL_AnnualReport_2021.pdf)