



# Fort \ 72 IQ

Region - Guyana

Asset Class - Equity

Company - Demerara Distillers Limited

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*Risk Disclaimers: "Please note that the information presented in this report is classified under Fort 72's research program, which has analyzed and consolidated Demerara Distillers Limited's data for evaluation purposes. Fort 72 currently owns no shares of Demerara Distillers Limited. Furthermore, this report does not promote or recommend investment decisions into the companies that it covers, instead this report should be used as an additional premise for the companies that it covers. If there are any doubts regarding the merits of this report, please refer to the reference page."*

**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** – Fueled by the newly emerging oil and gas sector, Guyana’s experienced a remarkable growth rate of 62.3% in 2022. Contributions from other major industries such as agriculture, forestry, and fishing accounted for 11.9% of the overall economic growth. On the contrary, the sugar industry faced major setbacks that resulted in an 18.9% decline as unprecedented floods in 2021 disrupted supply chains.

Despite the flourishing economic data in Guyana, the global economy faced pressure in 2022 as rising prices in both domestic and non-domestic sectors were caused by high inflation. The value of the United States Dollar remained constant at US\$1.00 = G\$208 during the second half of 2022. Looking forward, investors should closely monitor inflation and interest rates as they play a crucial role in determining the forecasted growth for 2023.

**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 – \$6.91
- Dividend – per share for 2022 was GYD \$1.35
- 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	
	2022	2021	2022	2021
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	684,295	610,477	Nil	Nil
Allison Thorne	20,278	Nil	Nil	Nil

From Pg.16 of Demerara Distillers Limited Annual Report 2022

## Institutional Shareholders

COMPANY	2022		2021	
	# of Shares	% Shareholding	#of Shares	# Shareholding
Trust Company (Guyana) Limited	235,542,445	30.5	235,425,645	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.18 of Demerara Distillers Limited Annual Report 2022

### ISSUED SHARE CAPITAL OF SUBSIDIARIES

Demerara Technical Services Ltd	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.18 of Demerara Distillers Limited Annual Report 2022

## Fort \ 72 IQ Metrics

*Note: The data used for our evaluation below is based on the company's annual report and GASCI session 945-999 for the fiscal year 2021 – 2022.*

Price movement: GY \$135 – 341.9

Price to earnings: 49.48

Dividend: GYD \$1.35

Dividend yield: 0.39%

YOY dividend decrease: -13%

Market Capitalization: 263,263,000,000

At price per share \$341.9 from GASCI trading sessions #999

## Guyana's Future Outlook

According to the World Bank's latest Global Economic Prospects report, Global growth for 2023 is expected to come in at 1.7. These estimates are expected to be widespread based on debt burdens and weak investments.

Guyana's economy is poised to sustain remarkable growth due to its emerging Oil and Gas Sectors. As Guyana continues to investments in these sectors, the economy will continue to experience exceptional growth at an abnormal pace. Furthermore, the Government of Guyana is expected to inject substantial capital investments into public infrastructure, including power and human capacity buildings. The impact of these investments and public policy measures is likely to contribute to additional development in the Guyanese economy, thereby contributing to the country's GDP growth.

## 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 (2023). *Annual Report 2022*. Retrieved from Demerara Distillers:

[https://www.demeraradistillers.com/images/pdf/DDL\\_AnnualReport\\_2022.pdf](https://www.demeraradistillers.com/images/pdf/DDL_AnnualReport_2022.pdf)