



Fort \ 72 IQ

Region – Guyana

Asset Class – Demerara Tobacco Company
Limited

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Company Description – Demerara Tobacco Company Limited, established in 1934, is a reputable tobacco company in Guyana operating under the British American Tobacco Group.

General Market – Guyana’s economy has grown by 14.5% during first six months of 2021 due to heightened 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 – Jack A Alli, Sons & Co.
- Earnings per share – \$86.59
- Dividend – per share for 2021 was GYD \$85.80
- Number of shares outstanding – 23 400 000
- Effective tax rate – non -commercial / commercial 40%

Management’s Shares

DIRECTORS	ORDINARY SHARES	NO. OF SHARES HELD BY CONNECTED PERSONS
Mrs Kathryn Abdulla	NIL	NIL
Mr Vijay Singh	NIL	NIL
Ms Patricia Bacchus	NIL	NIL
Mr Chandradat Chintamani	NIL	NIL
Mr Raoul Glynn	NIL	NIL
Mr Andre Pryce	NIL	NIL

From Pg.11 of Demerara Tobacco Company 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 \$ 1000 - 2000

Price to earnings: 23.1

Dividend: GYD \$85.80

Dividend yield: 4.29%

YOY dividend increase: 21.5%

Market Capitalization: 46 800 000 000

At price per share 2000 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 Tobacco Company (2022). *Annual Report 2021*. Retrieved from batcaribbean:

[https://www.batcaribbean.com/group/sites/BAT_AYVB8L.nsf/vwPagesWebLive/DOCD7LH2/\\$FILE/2021_Demerara_Tobacco_Company_Annual_Report.pdf?openelement](https://www.batcaribbean.com/group/sites/BAT_AYVB8L.nsf/vwPagesWebLive/DOCD7LH2/$FILE/2021_Demerara_Tobacco_Company_Annual_Report.pdf?openelement)

Demerara Distillers (2022). *Annual Report 2021*. Retrieved from Demerara Distillers:

https://www.demeraradistillers.com/images/pdf/DDL_AnnualReport_2021.pdf