

Trinidad Publishing Company Limited (PUB)

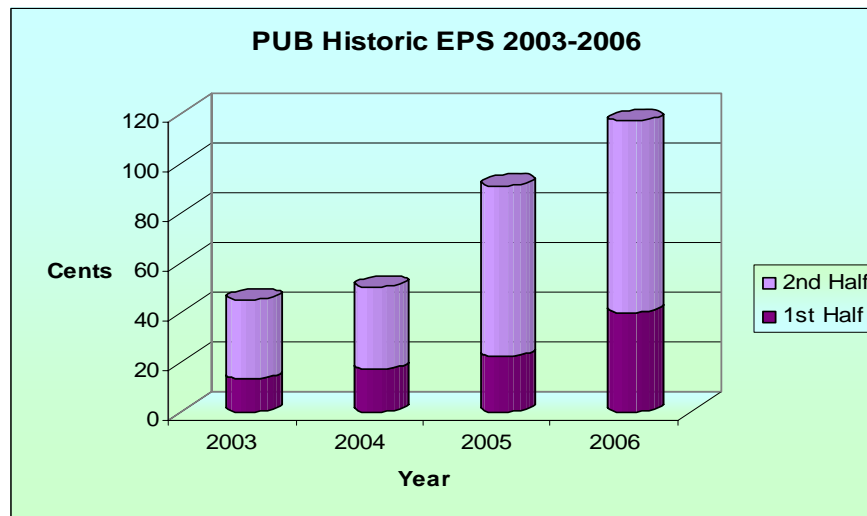
	PUB
RECOMMENDATION	BUY
Current Price	\$21.30
Running EPS	\$1.17
Projected EPS	\$1.45
P/E at Projected EPS	14.69 times
Projected Dividend	\$0.65
Dividend Yield	3.05 %
Return on Assets	25.68 %
Return on Equity	31.35 %

Results for the Year Ended December 31, 2006

Earnings Per Share

Trinidad Publishing Company Limited (PUB) reported Earnings Per Share (EPS) of \$1.17 for the year ended December 31, 2006. This represented a substantial increase of 28.57 per cent or 26 cents on the corresponding EPS of FY2005. As can be seen from **Figure 1**, PUB has had a lot of success over the last three years.

Figure 1



The strong results were attributed to four main factors:

1. Continued economic growth which has fuelled an increase in market size and demand for advertising. The total market size has in fact grown approximately 31 per cent from 2005 to 2006 with Press making up over 56 per cent of the market.
2. Strong brands across divisions.
3. Portfolio expansion.
4. Improvement in Operational Efficiencies.



Financials

Revenue for the period under review amounted to \$163.059 million, a noteworthy increase of 33.63 per cent or \$41.038 million on the comparable period in 2005. Print remained the major source of Income accounting for approximately 57 per cent of Revenue. Radio and TV was responsible for approximately 22 per cent and 21 per cent of Revenue respectively. Income Before Taxation stood at \$61.639 million- up by 27.07 percent or \$13.130 million on the previous financial year with Print once again accounting for approximately 60 per cent. The Effective Tax Rate for FY06 was 24.03 per cent which was marginally lower than the Effective Rate of 24.99 per cent for FY05. As a result, the Profit After Taxation for the period under review amounted to \$46.830 million and was up on the previous financial year by an outstanding 28.70 per cent from \$36.386 million.

Figure 2 shows Year End Financial Data for 2003-2006

Figure 2

Trinidad Publishing Limited - Audited Year End Financials (2003-2006)							
	YE 2006	% Change '05-'06	YE 2005	% Change '04-'05	YE 2004	% Change '03-'04	YE 2003
Turnover	163,059	33.63%	122,021	23.11%	99,118	9.66%	90,387
Income Before Taxation	61,639	27.07%	48,509	74.86%	27,741	7.17%	25,884
Taxation	14,809	22.16%	12,123	58.31%	7,658	-1.67%	7,788
Net Income	46,830	28.70%	36,386	81.18%	20,083	10.98%	18,096
EPS	\$1.17	28.57%	\$0.91	82.00%	\$0.50	11.11%	\$0.45
Market Price @ Financial Year End (TT\$)	19.65	51.15%	\$13.00	30.00%	\$10.00	44.72%	\$6.91
P/E Ratio @ Financial Year End	\$16.79		14.29		20.00		15.36
Dividend	\$0.50	56.25%	\$0.32	14.29%	\$0.28	12.00%	\$0.25
Dividend Payout Ratio (%)	42.74		35.16		56.00		55.56
Dividend Yield (%)	2.54		2.46		2.80		3.62
Net Asset Value	\$4.12	22.99%	\$3.35	22.26%	\$2.74	9.16%	\$2.51
Market to Book Ratio	4.77		3.88		3.65		2.75
Return on Equity (%)	31.35%		29.87		19.11		19.00
Return on Assets (%)	25.68%		24.56		15.77		16.47
Shares Outstanding	40,000,000		40,000,000		40,000,000		40,000,000

Segment Performance

Print

Since the introduction of the G-Size Guardian in 2003, PUB has continued to see growth in the circulation of this newspaper. Additionally, there has been an increasing movement toward Print as this has taken some of the market share that radio once had. The Company continues to improve its operational efficiencies and expects to see further improvement when its new printing press comes into operation.

Radio

Pub believes that the branding of its radio stations has given them success in this segment. The Company has positioned itself in niche markets and is able to offer competitive rates in advertising as a result of its network.

TV

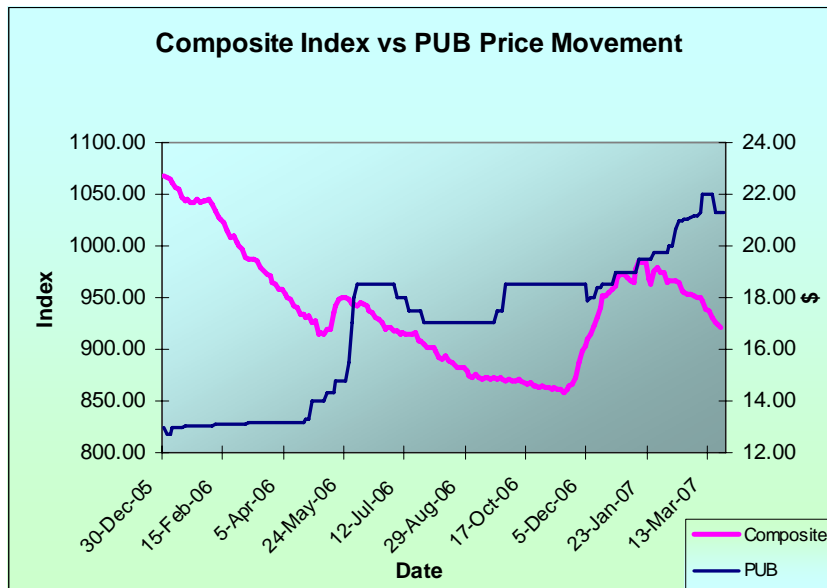
This was the first year in which its TV Station, CNC 3 had a full year of operation. As mentioned before this Segment is almost now on par with Radio with respect to its contribution to Revenue.



Share Price

As can be seen from Figure 3, PUB's share price has not followed the downward trend of the Composite Index. The price was at first slow to react to the good results produced for FY05 but eventually climbed to a high of \$18.50 before settling at \$17.05 from the end of July 2006 to the end of September 2006. After which, the price once again advanced to its previous high of \$18.50 and traded steadily at this price until the close of FY06. However, since the beginning of FY07 this share has been on an upward trend and peaked at \$22.00 on March 7, 2007 before closing the first quarter of 2007 at \$21.29.

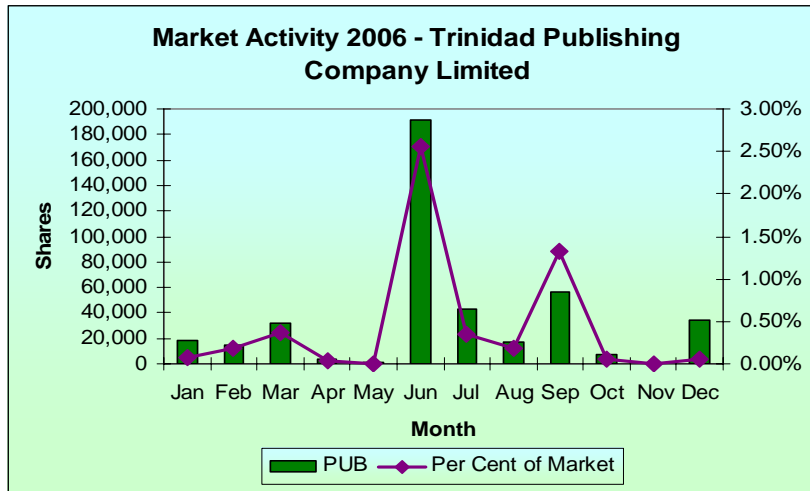
Figure 3



Market Activity

Figure 4 below shows the market activity for PUB shares over the FY06. As can be seen, the month of June saw the largest volume traded for the year, such that a total of 191,905 PUB shares changed ownership. This volume represented 2.55 per cent of the total market volume traded for June. In contrast, the month of November saw no PUB shares traded on the market. (See Figure 4) It is important to note that over 65 per cent of the issued share capital of this Company is held by substantial interests.

Figure 4



Dividends

The Board of Directors has declared a final dividend of 35 cents, which will bring the total dividends declared for 2006 to 50 cents compared to 32 cents in the last financial year- an increase of 56.25 per cent. The final dividend will be paid on May 31, 2007.

Managing Director’s Comments

In an article published in the Guardian Newspapers on March 27, 2007- the Managing Director and Media Sector Head of the Trinidad Publishing Company, Mr. Grenfell Kissoon, commented that 2006 was the best ever overall performance in the history of PUB. Additionally, he attributed the remarkable results to: strong advertising demand fueled by a buoyant economy, strong brands across the three divisions and intense competitive activity in some sectors. Mr. Kissoon expects this trend to continue in 2007.

Chairman’s Comments

In his Chairman’s Statement, Mr. Dennis Adrian Gurley, was also optimistic about the future for the Company. He believes that the growth prospects for Trinidad and Tobago continue to be very strong and PUB will continue to deliver by capitalizing on its technological investment and by maximizing opportunities for synergies and economics within the Company’s three business units, thereby increasing shareholder value.

Outlook & Recommendation

The shares of PUB are currently trading at a price of \$21.30. In light of the results for FY06 and the forward looking statements of both the Chairman and the Managing Director, we are forecasting an EPS for FY07 of approximately \$1.45. At the current price and forecasted EPS, these shares are trading at a price to earnings multiple of 14.69 times- which is attractive for a share that typically trades in the band of 15 to 20 times. Additionally, using a multiple of 17 times and based on WISE’s forecasted EPS of \$1.45, we have at the current price of \$21.30, estimated a 12 month return on this share of approximately 16 per cent or a target price of \$24.65. Thus, at this time we recommend a **BUY** on this share.

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