

**Unilever Caribbean Limited (UCL)**

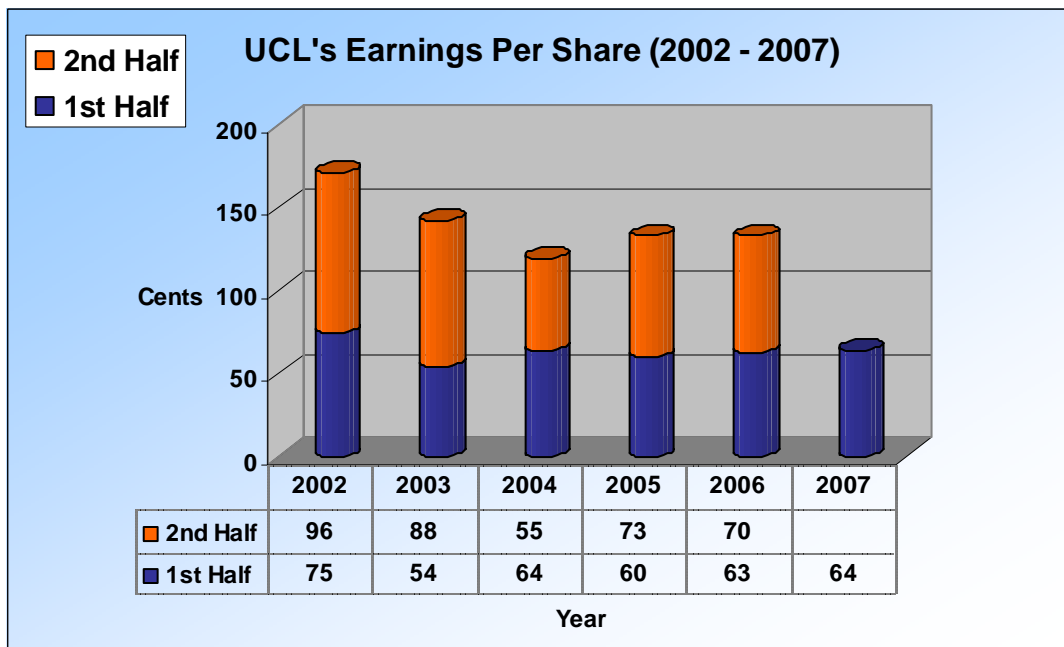
	<b>UCL</b>
<b>RECOMMENDATION</b>	<b>BUY</b>
<b>Current Price</b>	<b>\$17.49</b>
<b>Running EPS</b>	<b>\$1.34</b>
<b>Projected EPS</b>	<b>\$1.45</b>
<b>P/E at Projected EPS</b>	<b>12.06 times</b>
<b>Estimated Dividend</b>	<b>\$1.20</b>
<b>Dividend Yield at Estimated Dividend</b>	<b>6.86 per cent</b>
<b>Return on Assets</b>	<b>12.34 per cent</b>
<b>Return on Equity</b>	<b>37.44 per cent</b>

*Results for the Half Year Ended June 30, 2007*

**Earnings Per Share**

For the Half Year Ended June 30, 2007, Unilever Caribbean Limited (UCL) reported Earnings Per Share (EPS) of 64 cents, a minimal increase of 1.59 per cent or 1 cent on the comparable Half Year period in FY06. **Figure 1** below shows UCL's EPS over the period 2002 to 2007.

**Figure 1**





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## Financials

Net Turnover for the period under review increased 6.01 per cent or \$11.52 million to \$202.99 million. However, Cost of Sales increased by a larger margin, up 14.07 per cent or \$15.28 million to \$123.86 million. As a result, Gross Profit stood at \$79.13 million, down 4.54 per cent or \$3.76 million on HY06.

HY07 on HY06, Selling and Distributions Cost rose 7.17 per cent or \$1.37 million to \$20.45 million while Marketing Expenses was up 14.24 per cent or \$1.67 million to \$13.36 million. Administrative Expenses, however, declined a significant 24.21 per cent or \$7.06 million to \$22.10 million. As such, Operating Profit amounted to \$23.21 million, a minimal increase of 1.15 per cent or \$0.26 million on HY06.

Net Finance Costs for HY07 was \$1.07 million, down a considerable 16.47 per cent or \$0.21 million on the corresponding figure in FY06. Thus, Profit Before Taxation ended the period at \$22.14 million, up 2.19 per cent or \$0.48 million on HY06. The Effective Tax Rate for the period under review was 24.16 per cent compared to a Tax Rate of 23.21 per cent for HY06. Ultimately, Profit After Taxation increased 0.94 per cent or \$0.16 million from \$16.64 million (HY06) to \$16.79 million (HY07).

*Table 1 shows UCL's Financials for HY07 on HY06*

**Table 1**

Unilever Caribbean Limited Half Year Financial Data HY07 on HY06				
	HY 2007 \$'000	\$ Change HY'07-HY'06	% Change HY'07-HY'06	HY 2006 \$'000
Net Turnover	202,987	11,515	6.01%	191,472
Cost of Sales	(123,860)	(15,276)	14.07%	(108,584)
<b>Gross Profit</b>	<b>79,127</b>	<b>(3,761)</b>	<b>-4.54%</b>	<b>82,888</b>
Selling and Distribution Cost	(20,450)	(1,369)	7.17%	(19,081)
Marketing Expenses	(13,360)	(1,665)	14.24%	(11,695)
Administrative Expenses	(22,104)	7,059	-24.21%	(29,163)
<b>Operating Profit</b>	<b>23,213</b>	<b>264</b>	<b>1.15%</b>	<b>22,949</b>
Finance Costs - Net	(1,070)	211	-16.47%	(1,281)
<b>Profit Before Taxation</b>	<b>22,143</b>	<b>475</b>	<b>2.19%</b>	<b>21,668</b>
Taxation	(5,349)	(319)	6.34%	(5,030)
<b>Profit After Taxation</b>	<b>16,794</b>	<b>156</b>	<b>0.94%</b>	<b>16,638</b>
Dividends Declared	9,185	0	0.00%	9,185
Dividends Per Share	0.35	0	0.00%	0.35
Earnings Per Share	0.64	0.01	1.59%	0.63



Table 2 shows UCL's Year End Financial Data Comparison for the financial period 2004-2006

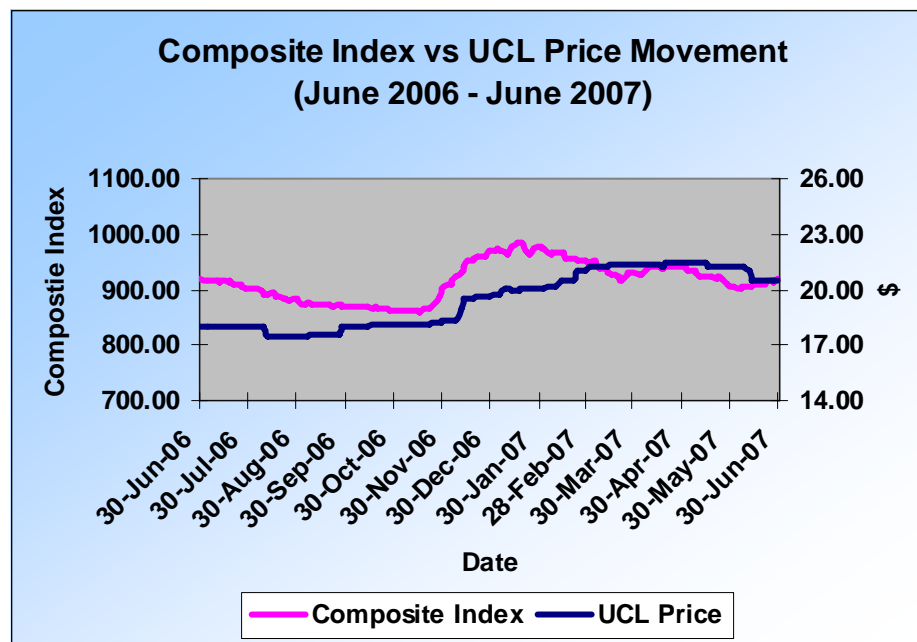
Table 2

Unilever Caribbean Limited Year End Financial Data (2004 - 2006)					
	YE 2006 \$'000	% Change '05-'06	YE 2005 \$'000	% Change '04-'05	YE 2004 \$'000
Turnover	372,492	5.61%	352,721	3.31%	341,422
Profit Before Taxation	36,567	-15.91%	43,488	0.18%	43,410
Taxation	1,591	-81.66%	8,675	-28.29%	12,097
Profit After Taxation	34,976	0.47%	34,813	11.18%	31,313
Earnings Per Share	1.33	0.00%	1.33	11.76%	1.19
Price at Year End	\$19.65	13.72%	\$17.28	-40.41%	\$29.00
Price/Earnings Ratio	14.77		12.99		24.37
Dividend	1.10	-4.35%	1.15	4.55%	1.10
Dividend Payout Ratio	82.71%		86.47%		92.44%
Dividend Yield	5.60%		6.66%		3.79%
Net Asset Value per Share	\$3.47	22.61%	\$2.83	8.43%	\$2.61
Market to Book Ratio	5.66		6.11		11.11
Shares Outstanding	26,243,832		26,243,832		26,243,832

**Share Price**

The share price of UCL started the 12-month period ended June 2007 at \$18.00 and continued to trade at this price until August 11, 2006 when the share dropped to a low of \$17.50. The price then moved slowly upwards to reach a high of \$21.50 on April 20, 2007, before gradually declining to close the 12-month period at \$20.47 (See Figure 2).

Figure 2

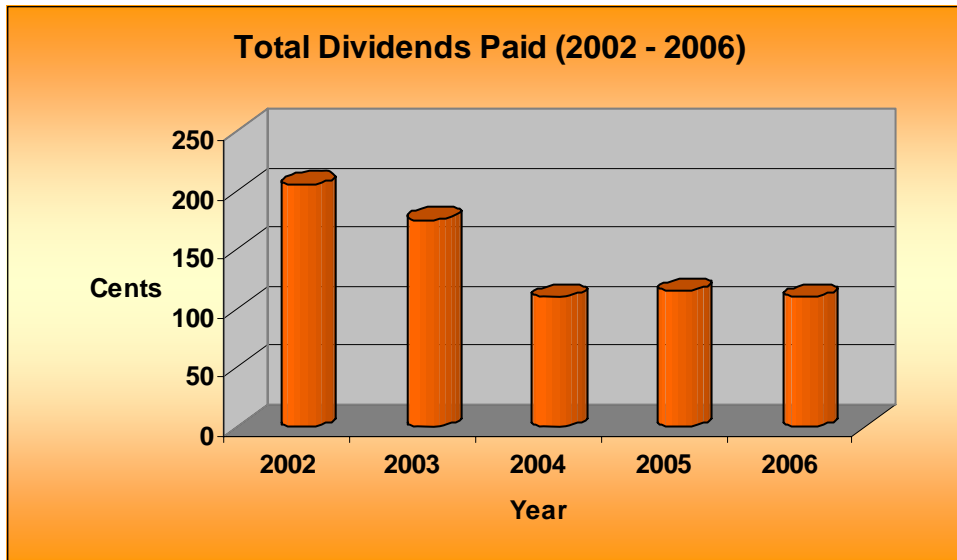




### Dividends

The Board of Directors declared an interim dividend of 35 cents per share, which was paid on Friday 7 September 2007, to all shareholders whose names appeared on the Register of Members as at 24 August 2007. **Figure 3** shows UCL's dividends paid over the period 2002 to 2006.

**Figure 3**



### Outlook and Recommendation

The Chairman has stated that the outlook for the remainder of the year is for an improved overall performance, with continued sustained growth, some improvement in margins, and tight containment of costs.

The shares of UCL are currently trading at a price of \$17.49. At our forecasted EPS of \$1.45 and the current price, this share is trading at a price to earnings multiple of 12.06 times. Given that UCL usually traded in the band of 13 to 16 times and with an attractive dividend yield of almost 7 per cent, we currently recommend a **BUY** on this share.

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