



West Indies Stockbrokers Ltd.  
 1<sup>st</sup> Floor, Albion Plaza,  
 22-24 Victoria Avenue,  
 Port of Spain.  
 Tel: 625-9473; Fax: 627-5002

Equity Research Team  
 Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)  
 Nancy Chen (Ext 2225)  
[nancyc@wisett.com](mailto:nancyc@wisett.com)

C  
O  
M  
P  
A  
N  
Y  
  
U  
P  
D  
A  
T  
E

**West Indian Tobacco Company Limited (WITCO)**

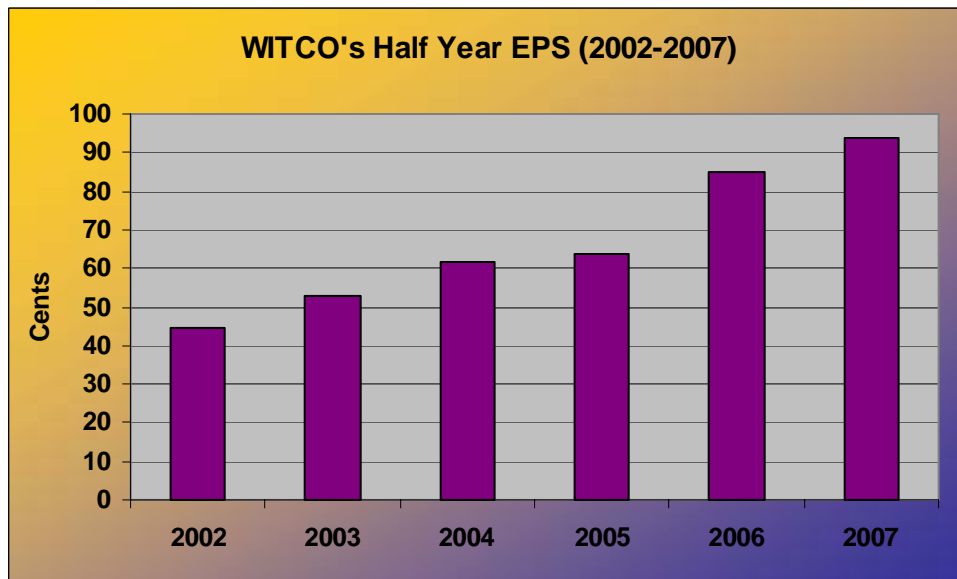
	<b>WCO</b>
<b>RECOMMENDATION</b>	<b>HOLD</b>
<b>Current Price</b>	<b>\$27.00</b>
<b>Running EPS</b>	<b>\$1.80</b>
<b>Projected EPS</b>	<b>\$2.00</b>
<b>P/E at Projected EPS</b>	<b>13.50 times</b>
<b>Estimated Dividend</b>	<b>\$1.96</b>
<b>Dividend Yield @ Estimated Dividend</b>	<b>7.26 %</b>
<b>Return on Assets</b>	<b>47.24%</b>
<b>Return on Equity</b>	<b>93.32%</b>

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

*Earnings Per Share*

For the Half Year Ended June 30, 2007, West Indian Tobacco Company Limited (WITCO) reported Earnings Per Share (EPS) of 94 cents, up 10.07 per cent or 9 cents on the corresponding EPS for HY06. Q207 on Q206, the Company's EPS was up 11.22 per cent or 5 cents from 43 cents to 48 cents. As can be seen in **Graph 1** below WITCO's Half Year EPS has been on a continuous growth path over the period 2002 to 2007.

**Graph 1**





**West Indies Stockbrokers Ltd.**  
1<sup>st</sup> Floor, Albion Plaza,  
22-24 Victoria Avenue,  
Port of Spain.  
Tel: 625-9473; Fax: 627-5002

**Equity Research Team**  
Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)  
Nancy Chen (Ext 2225)  
[nancyc@wisett.com](mailto:nancyc@wisett.com)

---

### ***Financials***

Turnover for the Half Year under review was \$343.29 million, an increase of 13.04 per cent or \$39.60 million on the comparable figure in FY06. Q207 on Q206, Turnover was up 16.45 per cent or \$28.03 million. However, Excise for HY07 was \$104.76 million, up 20.32 per cent or \$17.69 million from \$87.07 million in HY06. Thus, Net Turnover ended the period at \$238.53 million, an increase of 10.11 per cent or \$21.91 million on the corresponding period in FY06. Q207 on Q206, this figure was up 12.50 per cent or \$13.44 million from \$107.48 million to \$120.92 million.

Cost of Sales totaled \$68.88 million, up 6.57 per cent or \$4.25 million on HY06, while Q207 on Q206 this figure rose 5.87 per cent from \$32.06 million to \$33.95 million. Thus for HY07, WITCO's Gross Profit was \$169.65 million, up 11.62 per cent or \$17.66 million on the corresponding period in FY06.

Other Operating Expenses was the largest expense for the half year period and totaled \$31.34 million, up a considerable 17.98 per cent on the comparable half year period in FY06. Administrative Expenses was the second largest and amounted to \$27.48 million an increase of 10.88 per cent on the corresponding period in the last financial year, while Distribution Costs stood at \$4.05 million, up 11.02 per cent on the same figure for HY06. Q207 on Q206, these figures rose by 14.78 per cent, 38.24 per cent and 15.99 per cent, respectively. Operating Profit for the period under review was \$106.78 million, up 10.09 per cent or \$9.78 million on HY06's Operating Profit of \$96.99 million.

Interest Income for HY07 was \$0.82 million, up 30.16 per cent on HY06, while Interest Expense stood at \$1.61 million, up 21.29 per cent or \$0.28 million on the same period in the last financial year. Thus, Profit Before Taxation ended the period at \$105.99 million compared to \$96.29 million for HY06, an increase of 10.07 per cent.

The Effective Tax Rate for the period under review was 25.64 per cent compared to a similar Tax Rate of 25.65 per cent. As a result, Profit After Taxation stood at \$78.81 million for HY07, up 10.07 per cent or \$7.21 million on the same period in the last financial year.



West Indies Stockbrokers Ltd.  
 1<sup>st</sup> Floor, Albion Plaza,  
 22-24 Victoria Avenue,  
 Port of Spain.  
 Tel: 625-9473; Fax: 627-5002

Equity Research Team  
 Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)  
 Nancy Chen (Ext 2225)  
[nancvc@wisett.com](mailto:nancvc@wisett.com)

See Table 1 for WITCO's Financial Data for HY07 & HY06; Q207 & Q206; and Q107.

**Table 1**

WITCO's Financial Data for HY07 & HY06; Q207& Q206; and Q107										
	HY07 \$'000	\$ Change HY'07- HY'06	% Change HY'07- HY'06	HY 06 \$'000	Q207 \$'000	\$ Change Q2'07- Q2'06	% Change Q2'07- Q2'06	Q206 \$'000	Q1 07 \$'000	% Change Q207 on Q107
Turnover	343,286	39,598	13.04%	303,688	198,447	28,031	16.45%	170,416	167,525	18.46%
Excise	(104,759)	(17,689)	20.32%	(87,070)	(77,530)	(14,595)	23.19%	(62,935)	(49,916)	55.32%
Net Turnover	238,527	21,909	10.11%	216,618	120,917	13,436	12.50%	107,481	117,609	2.81%
Cost of Sales	(68,878)	(4,248)	6.57%	(64,630)	(33,945)	(1,883)	5.87%	(32,062)	(34,933)	-2.83%
<b>Gross Profit</b>	169,649	17,661	11.62%	151,988	86,972	11,553	15.32%	75,419	82,676	5.20%
Distribution Costs	(4,050)	(402)	11.02%	(3,648)	(2,611)	(360)	15.99%	(2,251)	(1,424)	83.36%
Administrative Expenses	(27,476)	(2,695)	10.88%	(24,781)	(14,246)	(3,941)	38.24%	(10,305)	(12,143)	17.32%
Other Operating Expenses	(31,344)	(4,777)	17.98%	(26,567)	(15,806)	(2,035)	14.78%	(13,771)	(16,638)	-5.00%
<b>Operating Profit</b>	106,779	9,787	10.09%	96,992	54,309	5,217	10.63%	49,092	52,471	3.50%
Interest Income	820	190	30.16%	630	361	(30)	-7.67%	391	459	21.35%
Interest Expense	(1,612)	(283)	21.29%	(1,329)	(815)	33	-3.89%	(848)	(796)	2.39%
<b>Profit Before Taxation</b>	105,987	9,694	10.07%	96,293	53,855	5,220	10.73%	48,635	52,134	3.30%
Taxation	(27,180)	(2,484)	10.06%	(24,696)	(13,599)	(1,160)	9.33%	(12,439)	(13,575)	0.18%
<b>Profit After Taxation</b>	78,807	7,210	10.07%	71,597	40,256	4,060	11.22%	36,196	38,559	4.40%
<b>Earnings Per Share</b>	<b>93.55</b>	<b>8.56</b>	10.07%	<b>84.99</b>	<b>47.79</b>	<b>4.82</b>	11.22%	<b>42.97</b>	<b>45.77</b>	4.41%



West Indies Stockbrokers Ltd.  
 1<sup>st</sup> Floor, Albion Plaza,  
 22-24 Victoria Avenue,  
 Port of Spain.  
 Tel: 625-9473; Fax: 627-5002

Equity Research Team  
 Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)  
 Nancy Chen (Ext 2225)  
[nancyc@wisett.com](mailto:nancyc@wisett.com)

See Table 2 for WITCO's Year End Financial Data over the period 2003-2006.

**Table 2**

WITCO's Year End Financial Data (2003-2006)							
	YE 2006 \$'000	% Change '05-'06	YE 2005 \$'000	% Change '04-'05	YE 2004 \$'000	% Change '03-'04	YE 2003 \$'000
Turnover	630,631	12.81%	558,999	11.46%	501,512	11.21%	450,977
Excise	(184,599)	8.10%	(170,772)	2.98%	(165,824)	5.90%	(156,583)
Net Turnover	446,032	14.89%	388,227	15.65%	335,688	14.03%	294,394
Cost of Sales	(129,427)	7.53%	(120,368)	15.69%	(104,043)	7.49%	(96,790)
<b>Gross Profit</b>	316,605	18.20%	267,859	15.63%	231,645	17.23%	197,604
Distribution Costs	(8,219)	18.63%	(6,928)	2.42%	(6,764)	26.36%	(5,353)
Administrative Expenses	(55,656)	10.84%	(50,215)	21.69%	(41,263)	31.80%	(31,307)
Other Operating Expenses	(57,500)	10.66%	(51,960)	15.59%	(44,952)	14.14%	(39,384)
<b>Operating Profit</b>	195,230	22.97%	158,756	14.49%	138,666	14.07%	121,560
Interest Income	1,909	332.88%	441	-59.54%	1,090	2.83%	1,060
Finance Costs	(2,777)	125.22%	(1,233)	***	***	***	***
<b>Profit Before Taxation</b>	194,362	23.04%	157,964	13.03%	139,756	13.97%	122,620
Taxation	(50,629)	19.93%	(42,216)	1.58%	(41,559)	20.26%	(34,558)
<b>Profit After Taxation</b>	143,733	24.18%	115,748	17.87%	98,197	11.51%	88,062
<b>Earnings Per Share</b>	\$1.71	24.82%	\$1.37	17.09%	\$1.17	-22.00%	\$1.50
Market Price @ Financial Year End	\$24.00	4.26%	\$23.02	3.00%	\$22.35	12.26%	\$19.91
P/E Ratio @ Financial Year End	14.04		16.80		19.10		13.27
Dividend	\$1.68	24.44%	\$1.35	18.42%	\$1.14	10.68%	\$1.03
Dividend Payout Ratio	98.25%		98.54%		97.44%		68.67%
Dividend Yield	7.00%		5.86%		5.10%		5.17%
Net Asset Value	\$2.07	4.02%	\$1.99	12.43%	\$1.77	5.36%	\$1.68
Market to Book Ratio	11.59		11.57		12.63		11.85
Return on Equity	84.09%		73.13%		67.62%		68.04%
Return on Assets	43.30%		40.21%		37.38%		36.92%
Shares Outstanding	84,240,000		84,240,000		84,240,000		84,240,000



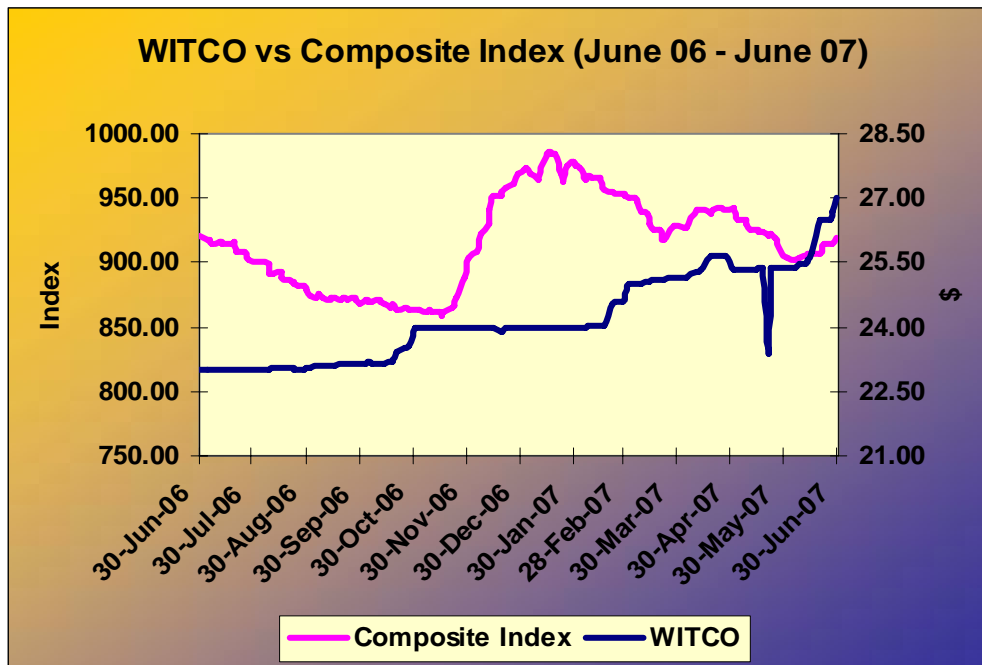
### Dividends

The Board of Directors approved a second interim dividend of 34 cents per share which was paid on August 22, 2007 to shareholders of record at the close of business on August 15, 2007.

### Share Price

Over the twelve month period ended June 2007, WITCO's share price appreciated by 17.35 per cent. The share started the period at a low of \$23.00 and ended at a high of \$26.99. While the trend was mostly upwards for the twelve months, May 22, 2007 saw the share drop \$2.00 or 7.89 per cent from \$25.36 to \$23.36. (See Graph 2)

Graph 2



### Volumes Traded

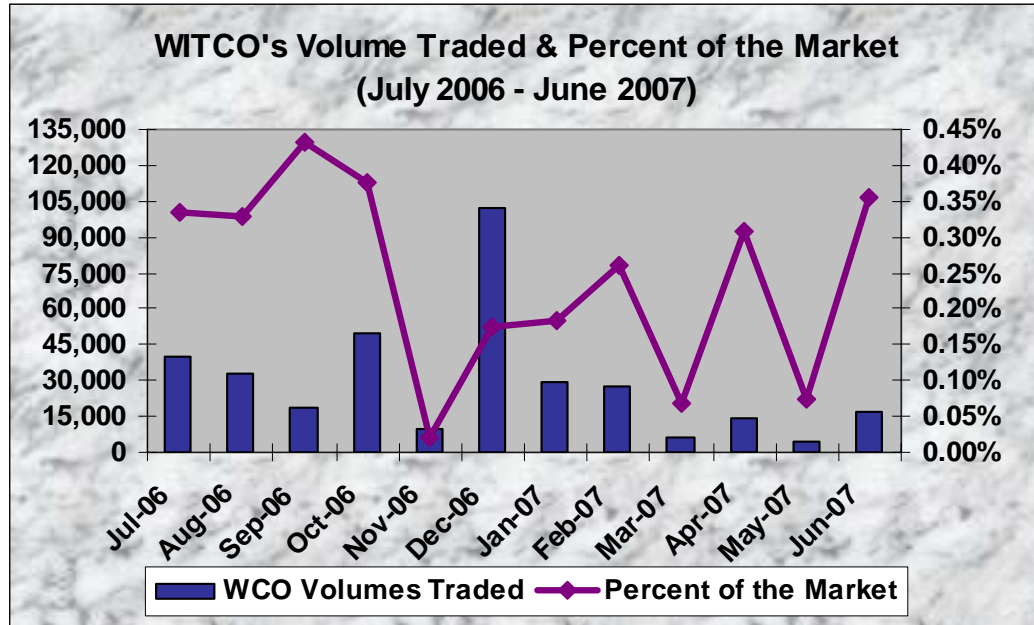
Over the period July 2006 to June 2007, WITCO saw a total of 351,270 shares traded with December 2006 being the most active as 101,888 shares changed hands, while May 2007 saw the least activity or 4,455 shares traded. For the 12 month period, September 2006 saw the largest percentage (0.43 per cent) of WITCO shares traded in relation to the rest of the market, while November 2006 saw the smallest percentage or 0.02 per cent traded. All in all, over the period, WITCO's volume traded on a monthly basis was less than 1 per cent of all trades. (See Graph 3)



West Indies Stockbrokers Ltd.  
1<sup>st</sup> Floor, Albion Plaza,  
22-24 Victoria Avenue,  
Port of Spain.  
Tel: 625-9473; Fax: 627-5002

Equity Research Team  
Gia Singh (Ext 2264)  
[gias@wisett.com](mailto:gias@wisett.com)  
Nancy Chen (Ext 2225)  
[nancyc@wisett.com](mailto:nancyc@wisett.com)

Graph 3



**Chairman's Statement and Recommendation**

The Chairman has stated that the growth in profits was driven primarily by improved sales performance in the domestic market. WITCO last closed at a price of \$27.00 on the local exchange. At our forecasted EPS of \$2.00 and the current price this share is trading at a price to earnings multiple of 13.50 times. As such, we recommend a **HOLD** at this time.

This document is based on information obtained from sources, which we believe to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, West Indies Stockbrokers Limited. Expressions of opinion herein are subject to change without notice. This document is not, and should not be construed as, an offer or the solicitation of an offer to buy or sell securities. West Indies Stockbrokers Limited and or their officers, directors, and employees may own or have positions in any of the securities mentioned herein, and may from time to time add or dispose of any such securities. This document is for the information of clients only and is not for publication in the Press or elsewhere without the permission of West Indies Stockbrokers Limited. WISE is a subsidiary of RBTT Financial Holdings Limited

West Indies Stockbrokers Limited, 1<sup>st</sup> Floor Albion Plaza, 22-24 Victoria Avenue, Port of Spain, Trinidad (868) 623-4861 Fax (868)-627-5002 e-mail: [info@wisett.com](mailto:info@wisett.com) Member of the Trinidad and Tobago Stock Exchange Ltd.