WISE

Equity Research: Trinidad & Tobago

West Indian Tobacco Company Limited
WCO

HY08 Results

Earnings Per Share

For the Half Year Ended June 30, 2008, West Indian Tobacco Company Limited (WCO) reported Earnings Per Share (EPS) of $1.11, up 17 cents or 18.1 per cent when compared to the 94 cents EPS reported for the same period in fiscal 2007. Q208 on Q207, the Company's EPS was up from 48 cents to 59 cents, a significant increase of 22.9 per cent. According to the Chairman, this growth was driven primarily by improved sales performance.

Financial Highlights

- Net Turnover, up 14.3 per cent or $34.1 million to $272.7 million
- Cost of Sales, up 1.5 per cent or $1.0 million to $69.9 million
- Gross Profit, increased 19.5 per cent or $33.1 million from $169.6 million (HY07) to $202.8 million (HY08)
- Operating Profit rose 18.6 per cent or $19.8 million from $106.8 million to $126.6 million
- Profit After Taxation, up 18.4 per cent or $14.5 million from $78.8 million to $93.3 million

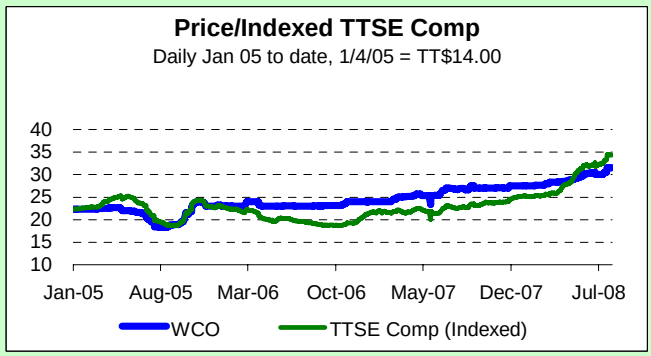
Dividends

The Directors have approved a second interim dividend of 41 cents per share payable on August 22, 2008 to shareholders of record at close of business on August 13, 2008.

Recommendation

The shares of WCO are currently trading at a price of $31.50. In light of the above we are revising our forecasted EPS for fiscal 2008 upwards to $2.15. At the current price and revised forecasted EPS, WCO is trading at a P/E multiple of 14.7 times. We recommend a **HOLD** on the share at this time.

Date	12-Aug-08
Recommendation	**HOLD**
Price (TT$)	31.50
Target Price (TT$; 12 months)	32.25
52 week high - low (TT$)	31.51 - 26.61
Market cap. (TT$MM)	2,653.6
Float cap. (TT$MM)	974.1



On 12/31/04 the TTSE Comp was at 1,074.

Period	**YE08E**	YE07A	YE06A	Chnge. %
($MM)				
Net Turnover	**570**	496	446	11.2%
Gross Profit	**404**	358	317	12.9%
Operating Profit	**246**	216	195	10.8%
PAT	**180**	157	144	9.0%
EPS	**2.15**	1.86	1.71	8.8%
- Q1	**0.51**	0.46	0.42	9.5%
- Q2	**0.59**	0.48	0.43	11.6%
- Q3		0.47	0.43	9.3%
- Q4		0.45	0.43	4.7%

Period	**Q308E**	Q208A	Q207A	Chnge. %
($MM)				
Net Turnover		143	121	18.2%
Gross Profit		106	87	21.8%
Operating Profit		68	54	25.9%
PAT		50	40	25.0%
EPS		0.59	0.48	22.9%

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