

Agostini's Limited

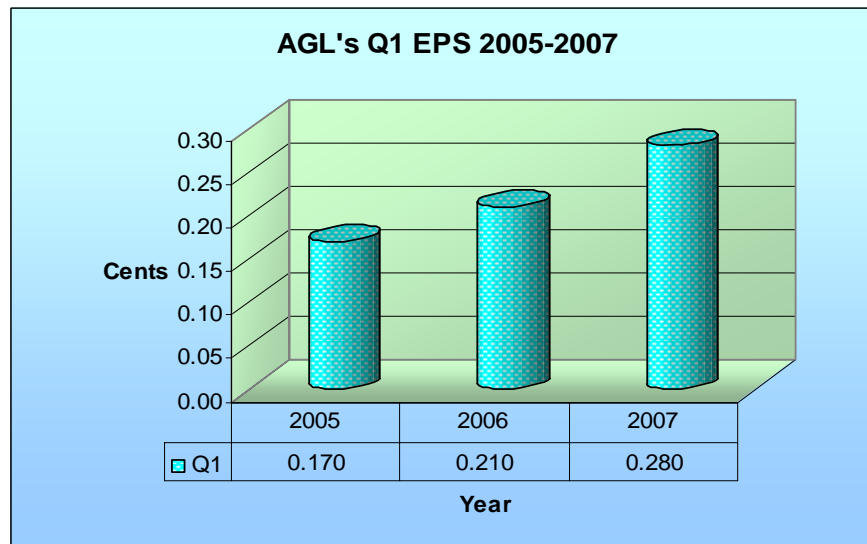
	<u>AGL</u>
RECOMMENDATION	BUY
Current Price	\$9.98
Running EPS	\$0.88
Projected EPS	\$0.90
P/E at Projected EPS	11.09 times
Projected Dividend	\$0.37
Dividend Yield	3.71 per cent
Return on Assets	9.07 per cent
Return on Equity	17.52 per cent

Results for the First Quarter Ended December 31, 2006

Earnings Per Share

Agostini's Limited reported an increase in Earnings Per Share (EPS) of 33.33 per cent to 28 cents (Q1-FY05) compared to 21 cents for Q1-FY06. The improvement in EPS was as a result of robust sales growth in its Business Units in the Trading and Service Divisions. As can be seen from Figure 1, AGL's Q1 EPS has been steadily increasing over the past three years rising from 17 cents in 2005 to 28 cents in 2007.

Figure 1

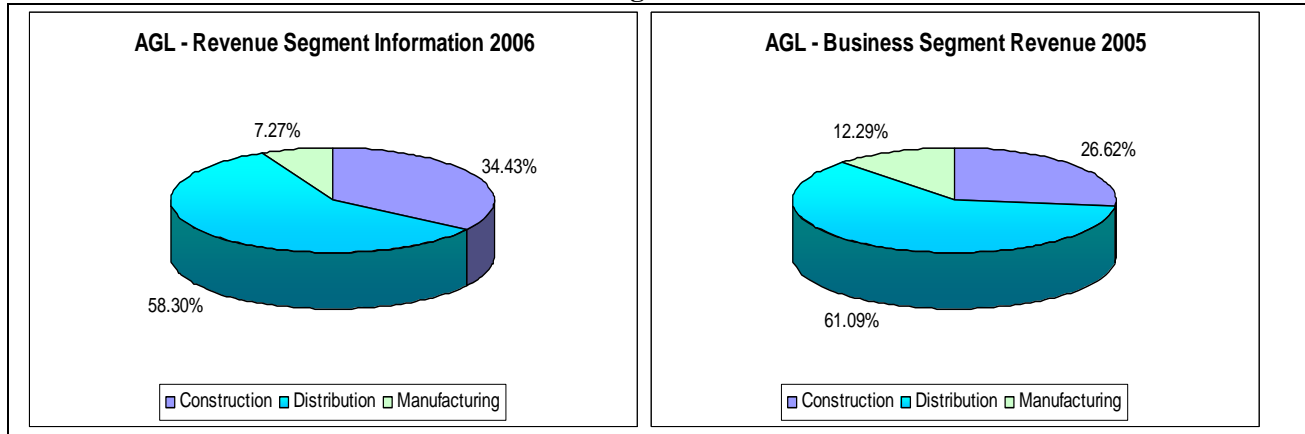


Financials

Turnover rose 32.61 per cent to \$126.555 million with the Trading & Distribution Services contributing 58.30 per cent. As can be seen from Figure 2, its Distribution Segment remained the main driver of Revenue with 58.30 per cent of Revenue coming from this group. The Manufacturing arm's contribution to Revenue decreased for the quarter under review from 12.29 per cent in 2005 to 7.27 per cent in 2006. The Construction Segment's contribution to Revenue has however increased from 26.62 per cent in 2005 to 34.43 per cent in 2006.



Figure 2



Profit Before Tax was up 33.69 per cent to \$10.516 million while the Effective Tax Rate rose from 26.60 per cent to 27.21 per cent. Ultimately, Profit After Tax increased 32.58 per cent to \$7.655 million.

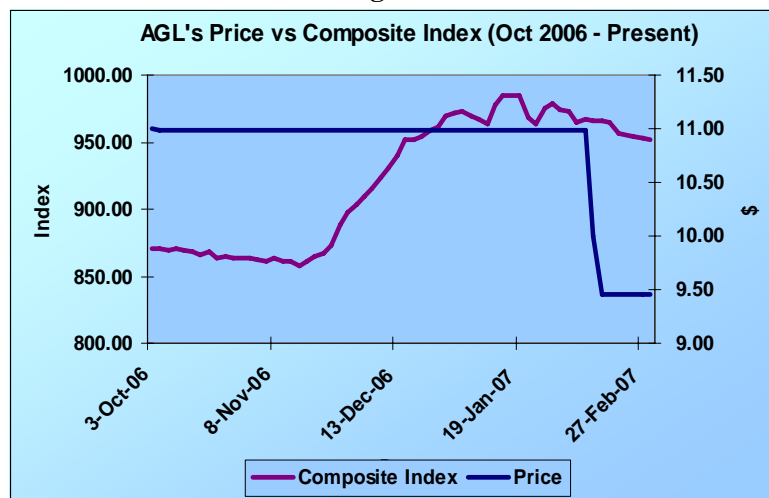
Despite improvements in production efficiency at Agos Lighting, export sales were disappointing due to a lack of confidence from US customers in the punctuality of deliveries. This was based on production difficulties during the previous year.

The Housing Division also performed below expectations due to bad weather and site conditions at the Debe Housing Project which adversely affected construction activity. The Company realized a net profit of \$1.6 million from the sale of two parcels of land at Coblenz Cascade in the current quarter. The board decided to sell the land as the approval obtained from Town and Country Planning for its intended condominium development was for fewer units than expected.

Share Price

Agostini's Limited traded at a price of \$10.99 for its first quarter with shares crossing the floor on one out of thirty-four trading days for the month (See Figure 3). The share price fell to \$10.00 on February 9 and then to \$9.45 on the following trading day. The share recently gained 53 cents to its current close of \$9.98.

Figure 3

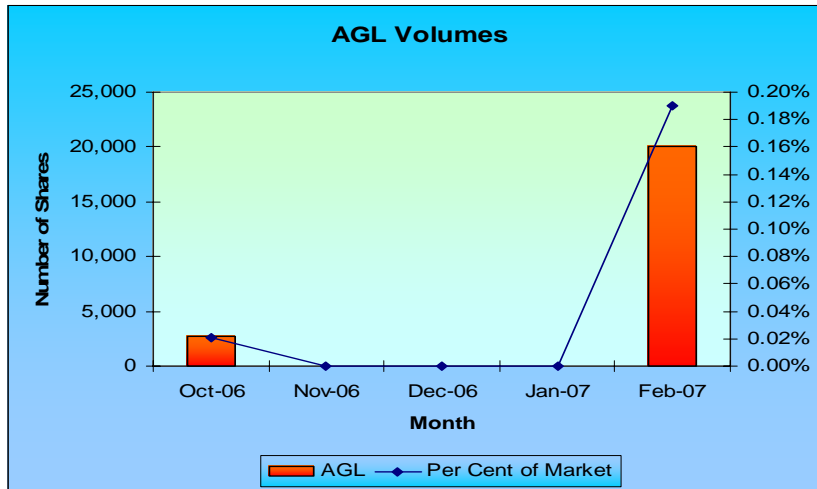




Market Activity

As previously mentioned, AGL's first quarter saw only one day of trading in which 2,732 AGL shares changed ownership changing hands. It is without surprise that AGL accounts for a very small percentage of total shares traded on the market.

Figure 4



Outlook & Recommendation

Given these results we are maintaining our forecasted EPS of 90 cents. At the current price of \$9.98 and this forecasted EPS, Agostini's is trading at a price/earnings ratio of 11.09 times. Thus, since this share usually trades between 14 to 16 times earnings, we continue to recommend a BUY.



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Figure 5

Agostini's Limited First Quarter Financial Data 2003-2006					
	Q1 30DEC06	% Change '05-'06	Q1 30DEC05	% Change '04-'05	Q1 30DEC05
Turnover	126,555	32.61%	95,435	28.84%	74,075
Profit Before Taxation	10,516	33.69%	7,866	62.09%	4,853
Taxation	2,861	36.76%	2,092	48.37%	1,410
Profit After Taxation	7,655	32.58%	5,774	67.70%	3,443
Attributable to Minority Interest	43	-2.27%	44	528.57%	7
Net Profit for the Period	7,612	32.84%	5,730	66.76%	3,436
Earnings per Share	0.28	33.33%	0.21	61.54%	0.13
Agostini's Limited Annual Financial Data 2003-2006					
	YE 2006 \$'000	% Change '05-'06	YE 2005 \$'000	% Change '04-'05	YE 2004 \$'000
Turnover	384,740	19.24%	322,661	23.45%	261,371
Profit Before Taxation	21,992	-31.31%	32,016	68.68%	18,980
Taxation	-7,355	200.07%	7,350	33.68%	5,498
Profit After Taxation	21,992	-10.84%	24,666	82.96%	13,482
Net Profit Attributable to Shareholders	21,818	-11.14%	24,553	390.77%	5,003
Earnings per Share (cents)	81.3	-11.15%	91.5	391.94%	18.6
Price at Year End	\$ 11.00	22.22%	\$ 9.00	-12.62%	\$ 10.30
P/E Ratio	13.53	37.50%	9.84	-82.23%	55.38
Dividend (cents)	35.0	6.06%	33.0	266.67%	9.0
Dividend Payout Ratio	43.05%	*****	36.07%	*****	48.39%
Dividend Yield	2.59%	*****	3.67%	*****	0.87%
Return on Assets	*****	*****	9.37%	*****	2.18%
Return on Equity	*****	*****	18.36%	*****	4.36%
Net Asset Value Per share	*****	*****	\$5.67	31.25%	\$4.32
Market to Book Ratio	*****	*****	1.59	-33.19%	2.38
Shares Outstanding '000	26,843	0.00%	26,843	0.00%	26,843

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