

ANSA McAL Group of Companies Limited (AMCL)

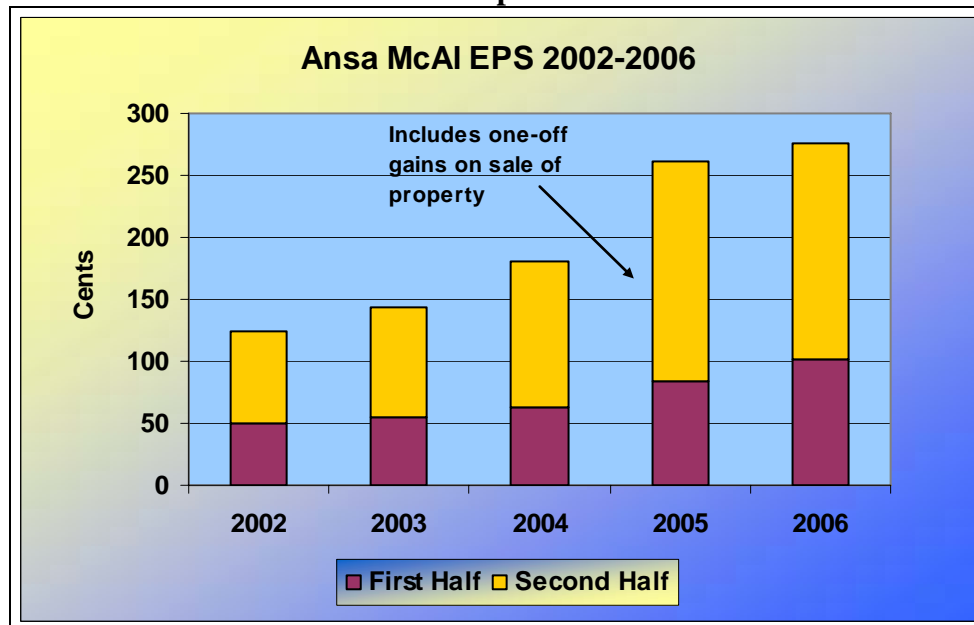
SYMBOL	AMCL
RECOMMENDATION	HOLD
Current Price	\$49.50
Running EPS	\$2.76
Projected EPS	\$3.00
P/E at Projected EPS	16.50 times
Dividend Yield	1.62%
Return on Assets	5.92 %
Return on Equity	20.84 %

Results for Year Ended December 31, 2006

Earnings Per Share

For the Year Ended December 31, 2006, ANSA McAL Group of Companies Limited (AMCL) reported Earnings Per Share (EPS) of \$2.76, which was up on the comparable EPS of 2005 (\$2.61) by 5.75 per cent. However, it is important to note, that the results for FY2005 included a one-off gain of \$85.31 million or \$0.49 per share for the sale of property in Pigeon Point, Tobago. If this one-off gain is excluded from the FY2005 results, the EPS for FY2006 would be up by approximately 30 per cent on the corresponding period. **Graph 1** below shows that AMCL’s EPS has been growing consistently over the period 2002-2006.

Graph 1





Financials

For the period under review the Group’s Third Party Turnover amounted to \$4.13 billion and represented an increase of 18.42 per cent or \$642.33 million on the corresponding period for FY2005. Operating Income stood at \$811.94 million, up by 9.57 per cent on the comparable figure for FY2005. The Group saw a marginal decrease in Finance Costs, which moved from \$120.01 million to \$118.86 million- a fall of 0.95 per cent.

Share of Profits from Associated Companies and Joint Ventures fell by a significant 32.10 per cent from \$24.72 million in FY2005 to \$16.78 million in the period under review. Thus, Profit Before Taxation for FY2006 stood at \$709.86 million, an increase of 9.93 per cent or \$64.10 million on the corresponding figure for FY2005. However, if we adjust for the one-off gain previously mentioned and compare the operational results for FY2006 on FY2005- we would see that the Group’s Profit Before Taxation actually increased by a considerable 26.66 per cent or \$149.41 million (\$709.86 million -\$560.45million).

The Effective Tax Rate for the period under review was 18.40 per cent compared to a Tax Rate of 17.46 per cent in FY2005. As a result, the Group’s Profit After Tax amounted to \$579.23 million compared to \$533.04 million in the comparable period (an increase of 8.67 per cent- year on year).

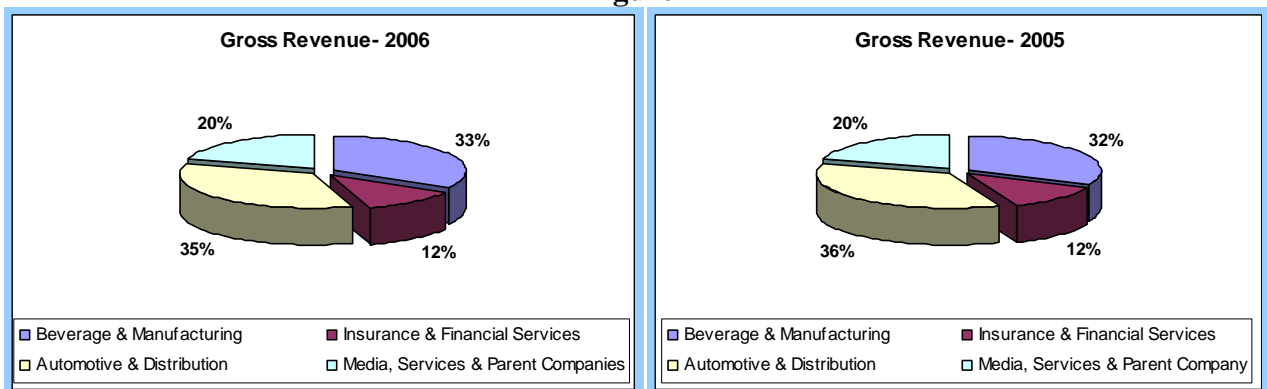
Segmental Performance

The Automotive and Distribution Segment of the Group continues to be the largest contributor to Gross Revenue (35 per cent in 2006 and 36 per cent in 2005). The Distribution Division saw an increase of 13 per cent in Sales over 2005 while the Automotive Division’s market share has increased from 20.50 per cent in 2005 to 23 per cent in 2006.

Following closely behind the Automotive and Distribution Segment was the Beverage and Manufacturing Segment, which also continues to be the second largest contributor to Gross Revenue for the Group, moving from 32 per cent contribution in 2005 to 33 per cent in 2006. While both the Media, Services & Parent Companies Segment and the Insurance and Financial Segment continue to contribute the same percentage in 2006 as they did in 2005- that is, 20 per cent and 12 per cent respectively. (See Figure 1)

Figure 1 below shows a breakdown of percentage contribution to Gross Revenue by each of the segments in the group for 2005 and 2006.

Figure1





Unlike contribution to Gross Revenue, Beverage and Manufacturing was the largest contributor to Profit Before Tax (PBT) for both 2005 (34 per cent) and 2006 (39 per cent). While Insurance and Financial Services added the least to PBT for both years. (See Figure 2)

Figure 2 below shows a breakdown of percentage contribution to Profit Before Tax by each of the segments in the group for 2005 and 2006.

Figure 2

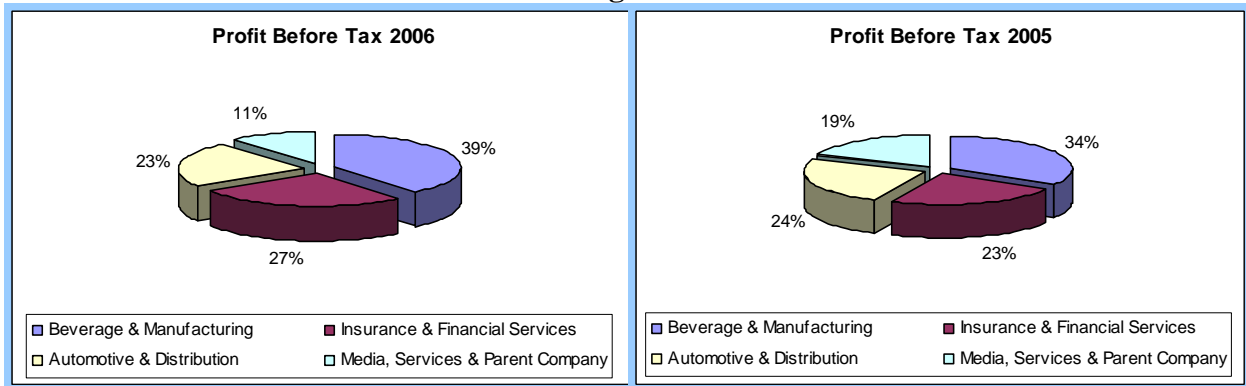


Table 1 below shows the Year End Financial Data for AMCL over the period 2003-2006.

Table 1

AMCL Year End Financial Data (2003-2006)							
	YE 2006 \$'000	% Change '05-'06	YE 2005 \$'000	% Change '04-'05	Restated YE 2004 \$'000	% Change '03-'04	Restated YE 2003 \$'000
Third Party Turnover	4,129,799	18.42%	3,487,465	18.09%	2,953,313	22.17%	2,417,307
Operating Income	811,937	9.57%	741,047	31.40%	563,952	17.28%	480,871
Finance costs	(118,863)	-0.95%	(120,008)	-2.95%	(123,660)	19.45%	(103,523)
Share of results of Associated Company/Joint Ventrue	16,783	-32.10%	24,718	63.85%	15,086	201.30%	5,007
Profit Before Taxation	709,857	9.93%	645,757	41.81%	455,378	19.10%	382,355
Taxation	(130,628)	15.89%	(112,721)	60.42%	(70,266)	-17.95%	(85,639)
Profit After Taxation	579,229	8.67%	533,036	38.41%	385,112	29.79%	296,716
EPS (Diluted)	\$2.76	5.75%	\$2.61	45.00%	\$1.80	25.87%	\$1.43
Market Price @ Financial Year End	\$43.75	8.02%	\$40.50	-3.02%	\$41.76	81.09%	\$23.06
P/E Ratio @ Financial Year End	15.85		15.52		23.20		16.13
Dividend (Cents)	75	15.38%	65	0.00%	65	0.00%	65
Dividend Payout Ratio (%)	27.17%		24.90%		36.11%		45.45%
Dividend Yield	1.71%		1.60%		1.56%		2.82%
Net Asset Value	\$16.22	17.28%	\$13.83	18.41%	\$11.68	14.40%	\$10.21
Market to Book Ratio	2.70		2.93		3.58		2.26
Return on Equity	20.84%		17.22%		15.54%		15.04%
Return on Assets	5.92%		8.40%		5.53%		5.29%
Shares Outstanding	175,289		175,289		175,289		173,609



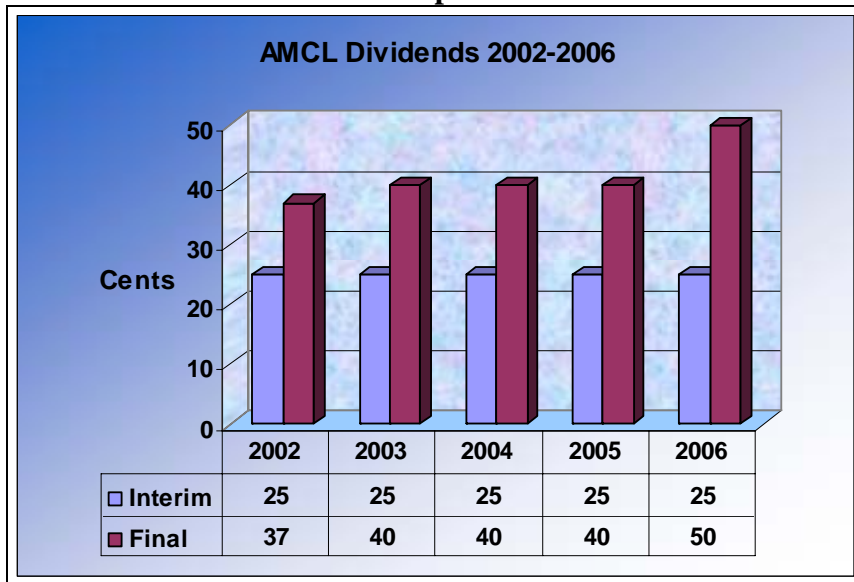
Chairman’s Statements

The Chairman and Chief Executive has attributed the improved results to the continued buoyancy in the economies in which the Group operates, coupled with the returns on the investments in the new plant and equipment over the last few years. He added that all sectors in the Group contributed to the improved results and this was primarily from organic growth as there were no acquisitions during the period.

Dividends

The Directors are confident in the trend of the Group’s operating results and as such have increased the final dividend payment to \$0.50 (\$0.40 in 2005)- which when added to the interim dividend of \$0.25 will bring the total dividend payable to shareholders for the year to \$0.75 (\$0.65 in 2005). Graph 2 below shows the dividends paid by the Group over the period 2002-2006.

Graph 2





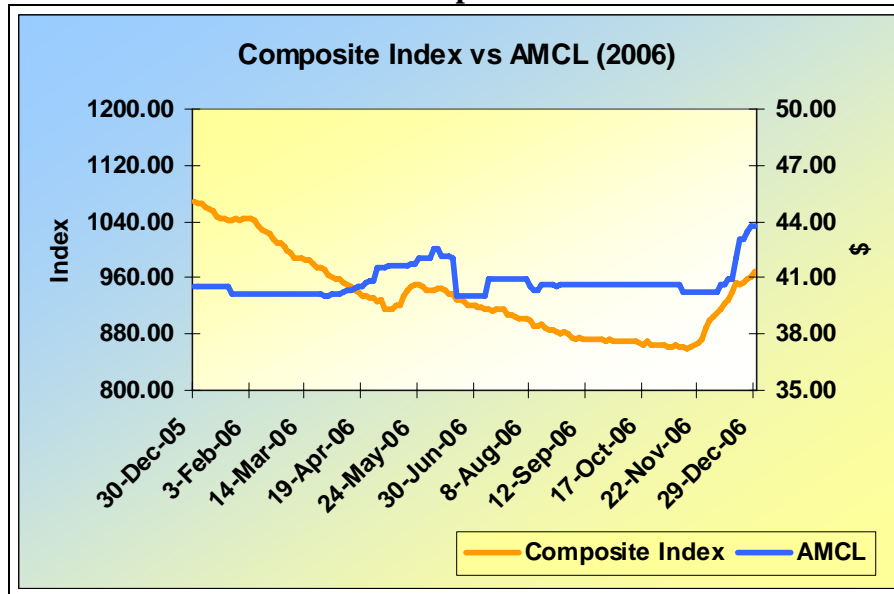
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Share Price

While the Composite Index was on the decline for the most of 2006, the share price of AMCL traded generally firm. For the beginning of 2006, the share saw a low of \$39.99 on March 24, 2006 followed by an initial peak on June 7, 2006 at \$42.51. While the second half of the year showed more stability in price with the share trading in the range of \$40.03 to \$40.98 before shooting up in the last five days of trading to a new high of \$43.75. (See Graph 3)

Graph 3



Recommendation

AMCL is currently trading at a price of \$49.50 on the local market. In light of the current results, we are forecasting an EPS of \$3.00 for FY2007. At the current price and WISE’s forecasted EPS this share is trading a price to earnings multiple of 16.50 times. This share usually trades in the band of 15 to 18 times and as such, given the current fundamental analysis we would recommend a **HOLD** at this time.

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