Earnings Update

Your monthly breakdown on market movements.

August earnings remained mixed across sectors amid ongoing operational and economic challenges. Among the banking and financials First Citizens Group Financial Holdings (FCGFH) and NCB Financial Group (NCBFG) underperformed relative to their peers, reporting declines in profit for the period. First Citizens' results were weighed down by rising funding costs, tightening liquidity conditions and the commercial asset levy, despite resilience in its core operations, while NCB's earnings were impacted by lower gains on foreign currency and investment activities as well as the absence of one-off gains recorded the year prior. ANSA Merchant Bank Limited (AMBL), meanwhile, recorded double digit growth in profit, with pre-tax income rising 32%, driven primarily by growth in the Banking and Wealth Management segment. JMMB Group Limited's (JMMBGL) earnings were also lifted, having benefitted from an increased share of profit from associates, namely Sagicor Financial Company.

Conglomerates, distribution and manufacturing also delivered mixed results. Massy Holdings (MASSY) reported a 7% increase in revenue but a 7% decline in after-tax profit, reflecting continued investment in technology transformation, the impact of Hurricane Melissa on its Jamaica operations and losses from discontinued operations. Likewise, Agostini Limited (AGL) achieved top line growth, however, income was relatively unchanged due to subdued market activity and higher foreign exchange costs. A.S. Bryden & Sons Holdings (ASBH), on the other hand, faced a more challenging period amid operational headwinds and continued investment in infrastructure and expansion. While revenue eased to US$280.99 million from US$300.62 million, net profit fell more sharply to US$0.28 million from US$5.98 million a year earlier. Unilever Caribbean stood out, with revenue climbing 53.5% to TT$157.70 million and profit from continuing operations increasing 36.1% to TT$23.50 million, led by strength in its Beauty and Personal Care segment. National Flour Mills (NFM) reported relatively flat earnings.

Turning to energy and energy-linked companies, Trinidad & Tobago NGL (NGL) returned to profitability, generating profit of TT$62.89 million due to the absence of impairment losses during the period. National Enterprises Limited also reversed comprehensive losses supported by higher dividend income and favorable fair-value movements, while Point Lisas Industrial Port Development (PLD) delivered improved year-on-year results, with profit rising to TT$58.46 million.

Within the investment holdings and property funds space, NIF posted positive comprehensive income for the half year, improving on losses recorded a year earlier, while Eppley Caribbean's Value and Development Funds also returned to profitability after reporting negative results in the prior period. MPC Caribbean Clean Energy, however, produced deeper losses.

Lastly, Medcorp Limited registered a slight decline in earnings despite higher revenue, and CinemaONE reported narrower losses.

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August Highlights

First Citizens Group Financial Holdings (FCGFH)
FCGFH delivered resilient operating performance despite a more challenging environment. Growth in core banking activities continued to support earnings, however, higher funding costs, tighter liquidity conditions and the commercial asset levy weighed on overall profitability.

Market Outlook: Business and consumer lending has moderated in recent months according to the central bank, however, underlying borrowing demand remains relatively healthy. As such, the Group is expected to continue benefiting from its strong market position and prudent balance sheet management, although the asset levy and elevated funding costs may continue to pressure earnings. The reaffirmation of First Citizens investment-grade credit rating by S&P reinforces confidence in the Group's financial strength and resilience.

Investment Take: FCGFH remains an attractive option for investors seeking exposure to robust financials, profitability, and a history of consistent shareholder returns. Near-term earnings however may face some headwinds, though the Group's market position, and credit quality is likely to offer support.

Massy Holdings (MASSY)
Massy recorded revenue growth during the period, supported by contributions across its diversified portfolio. Profitability, however, came under pressure from ongoing technology transformation investments, the impact of Hurricane Melissa on Jamaican operations and losses associated with discontinued operations.

Market Outlook: The Group's diversified business model and regional footprint will continue to provide resilience amid varying economic conditions. Ongoing investments in digital transformation, expansion and improving operational efficiencies are expected to support future earnings growth and operations, though associated costs may continue to weigh on margins in the near term.

Investment Take: Massy remains well diversified and continues to deliver consistent shareholder returns. Combined with strategic investments aimed at strengthening long-term competitiveness, the company remains a compelling opportunity for investors seeking sustainable value creation.

Agostini Limited (AGL)
AGL's top-line growth reflected continued demand across its core businesses. Earnings, however, remained largely unchanged as subdued market activity and higher foreign exchange costs offset revenue gains.

Market Outlook: The Group may remain challenged by a difficult operating environment. However, recent expansion initiatives such as the acquisition of Prestige Holdings Limited may provide an uplift as the company shifts focus to integration and recognizing operational synergies.

Investment Take: AGL continues to present an appealing investment opportunity backed by its diversified portfolio. The addition of PHL may potentially provide a growth catalyst, while the Group's history of solid earnings generation and shareholder returns enhances its attractiveness for long-term investors.

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