

# PNGX FY2021 Earnings Season – Summary



The 2021 Financial Year full-year reporting season has been completed.

All of the companies listed on PNGX have lodged their full- or half-year disclosures for the period ended 31 December 2021.

JMP Securities Limited takes a look at what investors can learn about these companies from this earnings season as well as what the lessons are about the state of the market and the PNG and Pacific economies.

## The Highlights

**K7.84bn**  
NPAT  
All Stocks

**293%**  
Earnings Growth  
All Stocks

**16.88x**  
Avg. Mkt. PE Ratio  
All Stocks

**K132bn**  
Mkt. Cap.  
All Stocks

**K1.34bn**  
NPAT - Domestic  
Excl. STO & NCM

**33.34%**  
Earnings Growth  
Domestic

**6.28x**  
Avg. Mkt. PE Ratio  
Domestic

**K8.3bn**  
Mkt. Cap.  
Domestic

## Glossary

<b>NPAT</b>	=	Net Profits After Taxation
<b>PE Ratio</b>	=	Price Earnings Ratio. Market Capitalisation divided by most recent NPAT Expresses shareprices as a multiple of current, historical or forecast earnings.
<b>Market Capitalisation</b>	=	The value of a company on the stock exchange. Determined by multiplying the most recent share price by the number of shares on issue.
<b>Price/ Book Value</b>	=	Most recent Market Capitalisation divided by the Company's Net Assets. Expresses the market valuation of a company relative to the accounting Net Assets of the company
<b>EPS</b>	=	Earnings per share. Expresses the share of a company's NPAT that is attributable to each share. This is potentially relevant in the market determining the value of each share.
<b>ROA</b>	=	Return on Assets Ascertained by dividing periodic NPAT by the Total Assets on the Company's balance sheet.
<b>ROE</b>	=	Return on Equity Ascertained by dividing NPAT by the Net Assets (ie. Equity) on the Company's Balance Sheet and employed by the business.

## Legal Stuff

<b>No Recommendations</b>	JMP Securities Limited generally and this paper in particular provides or contains no recommendations or advice to any investor or individual whatsoever.
<b>Seek Advice</b>	Prior to trading securities on PNGX or any other exchange, you must seek specific and relevant advice that takes into account your own particular circumstances and financial position.
<b>General Information ONLY</b>	JMP Securities Limited has prepared this brief information paper as General Information ONLY. We have done so as part of our commitment to improving communications, awareness and education in relation to capital markets in PNG in general and the PNGX in particular. We have not considered the circumstances of any individual Share Price divided by most recent NPAT Expresses shareprices as a multiple of current, historical or forecast earnings.
<b>Past Performance NO Guarantee of future Performance</b>	This paper outlines historical financial information relating to companies listed on the PNGX. JMP Securities Limited does not warrant, represent or in any other manner opine as to the future performance of any of the securities listed on PNGX or ASX.
<b>Contact JMP</b>	We welcome your questions or comments and our advisors are ready to help you make informed investment decisions. Contact us to learn more.

# The Data – Earnings & Valuations

Earnings & Valuation													
Name	Notes	Ticker	Mkt. Price PGK	Mkt Cap PGK'Millions	% of Mkt Cap	PE Ratio	Price/ Book Value	2021 NPAT PGK'Millions	2020 NPAT PGK'Millions	Earnings Growth	2021 EPS	2020 EPS	Shares on Issue 31 Dec 2021
1 Santos Limited	1,2	STO	18.50	62,658.05	47.35%	26.66x	1.29x	2,350.00	(1,275.00)	284.31%	1.09	(0.61)	3,386,921,635
2 Newcrest Mining Limited	1,3	NCM	75.00	61,296.69	46.32%	14.74x	1.70x	4,157.14	2,267.86	83.31%	5.09	2.92	817,289,191
3 Bank South Pacific		BSP	12.00	5,606.71	4.24%	5.22x	1.48x	1,074.92	804.01	33.70%	2.30	1.72	467,225,690
4 Steamships Trading Company Limited		SST	35.46	1,099.55	0.83%	12.14x	1.08x	90.55	78.86	14.83%	2.92	2.54	31,008,237
5 Kina Securities Limited		KSL	3.00	860.81	0.65%	12.16x	1.49x	70.81	75.97	(6.79%)	0.25	0.37	286,935,900
6 Credit Corporation Limited		CCP	1.60	492.70	0.37%	6.41x	0.54x	76.87	22.00	249.48%	0.25	0.07	307,936,332
7 City Pharmacy Limited		CPL	0.95	195.96	0.15%	12.95x	1.14x	15.13	14.66	3.23%	0.07	0.07	206,277,911
8 Kina Asset Management		KAM	1.00	49.89	0.04%	8.35x	0.62x	5.97	3.32	79.95%	0.12	0.07	49,891,306
9 Coppermoly Limited	4	COY	0.02	43.45	0.03%	-	0.92x	(7.18)	(3.53)	(103.72%)	(0.0033)	(0.0017)	2,172,290,279
10 NGIP Agmark		NGP	0.70	32.12	0.02%	4.35x	0.40x	7.38	5.48	34.72%	0.16	0.12	45,890,700
<b>Market Total</b>				<b>132,335.93</b>	<b>100.00%</b>	<b>16.88x</b>	<b>1.45x</b>	<b>7,841.60</b>	<b>1,993.62</b>	<b>293.33%</b>			

Notes: 1) STO and NCM report in US\$. We have applied a US\$/PGK exchange rate of 0.28 at 31 December 2021.

2) In late 2021, STO issued a large number of shares as part of its acquisition of OSH. EPS has been calculated based on the weighted average number of shares on issue during the year (2,133,214,333).

3) NCM employs a 30 June financial year end. We have included the most recent statutory account figures - ie. 30 June 2021.

4) COY reports in A\$. We have used an exchange rate of A\$/PGK = 0.37. COY also has a 30 June financial year end. We have used the most recent statutory accounts (being 30 June 2021).

PNGX Domestic (Ex STO & NCM) Earnings & Valuation													
Name	Notes	Ticker	Mkt. Price PGK	Mkt Cap PGK'Millions	% of Mkt Cap	PE Ratio	Price/ Book Value	2021 NPAT PGK'Millions	2020 NPAT PGK'Millions	Earnings Growth	2021 EPS	2020 EPS	Shares on Issue 31 Dec 2021
1 Bank South Pacific		BSP	12.00	5,606.71	66.90%	5.22x	1.48x	1,074.92	804.01	33.70%	2.30	1.72	467,225,690
2 Steamships Trading Company Limited		SST	35.46	1,099.55	13.12%	12.14x	1.08x	90.55	78.86	14.83%	2.92	2.54	31,008,237
3 Kina Securities Limited		KSL	3.00	860.81	10.27%	12.16x	1.49x	70.81	75.97	(6.79%)	0.25	0.37	286,935,900
4 Credit Corporation Limited		CCP	1.60	492.70	5.88%	6.41x	0.54x	76.87	22.00	249.48%	0.25	0.07	307,936,332
5 City Pharmacy Limited		CPL	0.95	195.96	2.34%	12.95x	1.14x	15.13	14.66	3.23%	0.07	0.07	206,277,911
6 Kina Asset Management		KAM	1.00	49.89	0.60%	8.35x	0.62x	5.97	3.32	79.95%	0.12	0.07	49,891,306
7 Coppermoly Limited		COY	0.02	43.45	0.52%	-	0.92x	(7.18)	(3.53)	(103.72%)	(0.0033)	(0.0017)	2,172,290,279
8 NGIP Agmark		NGP	0.70	32.12	0.38%	4.35x	0.40x	7.38	5.48	34.72%	0.16	0.12	45,890,700
<b>Market Total</b>				<b>8,381.19</b>	<b>100.00%</b>	<b>6.28x</b>	<b>1.25x</b>	<b>1,334.45</b>	<b>1,000.76</b>	<b>33.34%</b>			

Notes: 5) STO and NCM represent a very significant proportion of the value and assets of PNGX. Both of these companies engage in significant commercial and economic activities in PNG, however the majority of their revenues, assets and people are based outside PNG. As such, we have performed some of our analysis with reference to the companies listed on PNGX that are "domestic" in the sense of deriving the majority of their revenues and/or profits from PNG.

# The Data – Balance Sheets & Returns

PNGX Board Balance Sheet & Returns									
Name	Ticker	2021 Total Assets PGK'Millions	2020 Total Assets PGK'Millions	2021 Net Assets PGK'Millions	2020 Net Assets PGK'Millions	2021 ROA	2020 ROA	2021 ROE	2020 ROE
1 Santos Limited	STO	107,175.00	63,057.14	48,607.14	25,810.71	2.19%	(2.02%)	4.83%	(4.94%)
2 Newcrest Mining Limited	NCM	52,550.00	47,292.86	36,157.14	30,760.71	7.91%		11.50%	7.37%
3 Bank South Pacific	BSP	30,446.27	27,523.44	3,794.97	3,433.61	3.53%		28.32%	23.42%
4 Steamships Trading Company Limited	SST	1,516.99	1,488.21	1,020.93	963.83	5.97%		8.87%	8.18%
5 Kina Securities Limited	KSL	3,785.66	3,299.55	576.63	577.03	1.87%		12.28%	13.17%
6 Credit Corporation Limited	CCP	1,416.25	1,532.65	920.31	915.72	5.43%		8.35%	2.40%
7 City Pharmacy Limited	CPL	460.36	445.98	172.10	163.55	3.29%		8.79%	8.96%
8 Kina Asset Management	KAM	80.24	78.52	80.08	78.30	7.44%		7.46%	4.24%
9 Coppermoly Limited	COY	52.66	57.47	47.45	51.36	(13.64%)	(6.13%)	(15.14%)	(6.86%)
10 NGIP Agmark	NGP	130.97	130.79	80.15	77.77	5.63%		9.20%	7.04%
<b>Market Total</b>		<b>197,614.38</b>	<b>144,906.61</b>	<b>91,456.90</b>	<b>62,832.60</b>	<b>3.97%</b>	<b>1.38%</b>	<b>8.57%</b>	<b>3.17%</b>

**K197bn**  
Total Assets  
All Stocks

**K91bn**  
Net Assets  
All Stocks

PNGX Domestic (Ex- STO & NCM) Balance Sheet & Returns									
Name	Ticker	2021 Total Assets PGK'Millions	2020 Total Assets PGK'Millions	2021 Net Assets PGK'Millions	2020 Net Assets PGK'Millions	2021 ROA	2020 ROA	2021 ROE	2020 ROE
1 Bank South Pacific	BSP	30,446.27	27,523.44	3,794.97	3,433.61	3.53%	2.92%	28.32%	23.42%
2 Steamships Trading Company Limited	SST	1,516.99	1,488.21	1,020.93	963.83	5.97%	5.30%	8.87%	8.18%
3 Kina Securities Limited	KSL	3,785.66	3,299.55	576.63	577.03	1.87%	2.30%	12.28%	13.17%
4 Credit Corporation Limited	CCP	1,416.25	1,532.65	920.31	915.72	5.43%	1.44%	8.35%	2.40%
5 City Pharmacy Limited	CPL	460.36	445.98	172.10	163.55	3.29%	3.29%	8.79%	8.96%
6 Kina Asset Management	KAM	80.24	78.52	80.08	78.30	7.44%	4.23%	7.46%	4.24%
7 Coppermoly Limited	COY	52.66	57.47	47.45	51.36	(13.64%)	(6.13%)	(15.14%)	(6.86%)
8 NGIP Agmark	NGP	130.97	130.79	80.15	77.77	5.63%	4.19%	9.20%	7.04%
<b>Market Total</b>		<b>37,889.38</b>	<b>34,556.61</b>	<b>6,692.61</b>	<b>6,261.17</b>	<b>3.52%</b>	<b>2.90%</b>	<b>19.94%</b>	<b>15.98%</b>

**K37.9bn**  
Total Assets  
Domestic

**K6.7bn**  
Net Assets  
Domestic



## **Rock solid year!**

**NPAT of K1.075bn - milestone result in excess of K1bn for first time**  
**Strong Return on Equity: <28%. More to come?**



## **Strong growth in underlying earnings.**

**<K96m underlying profitability.**  
**FY2021 result impacted by one-off Westpac transaction costs.**



## **Strongest growth in profitability (<249%).**

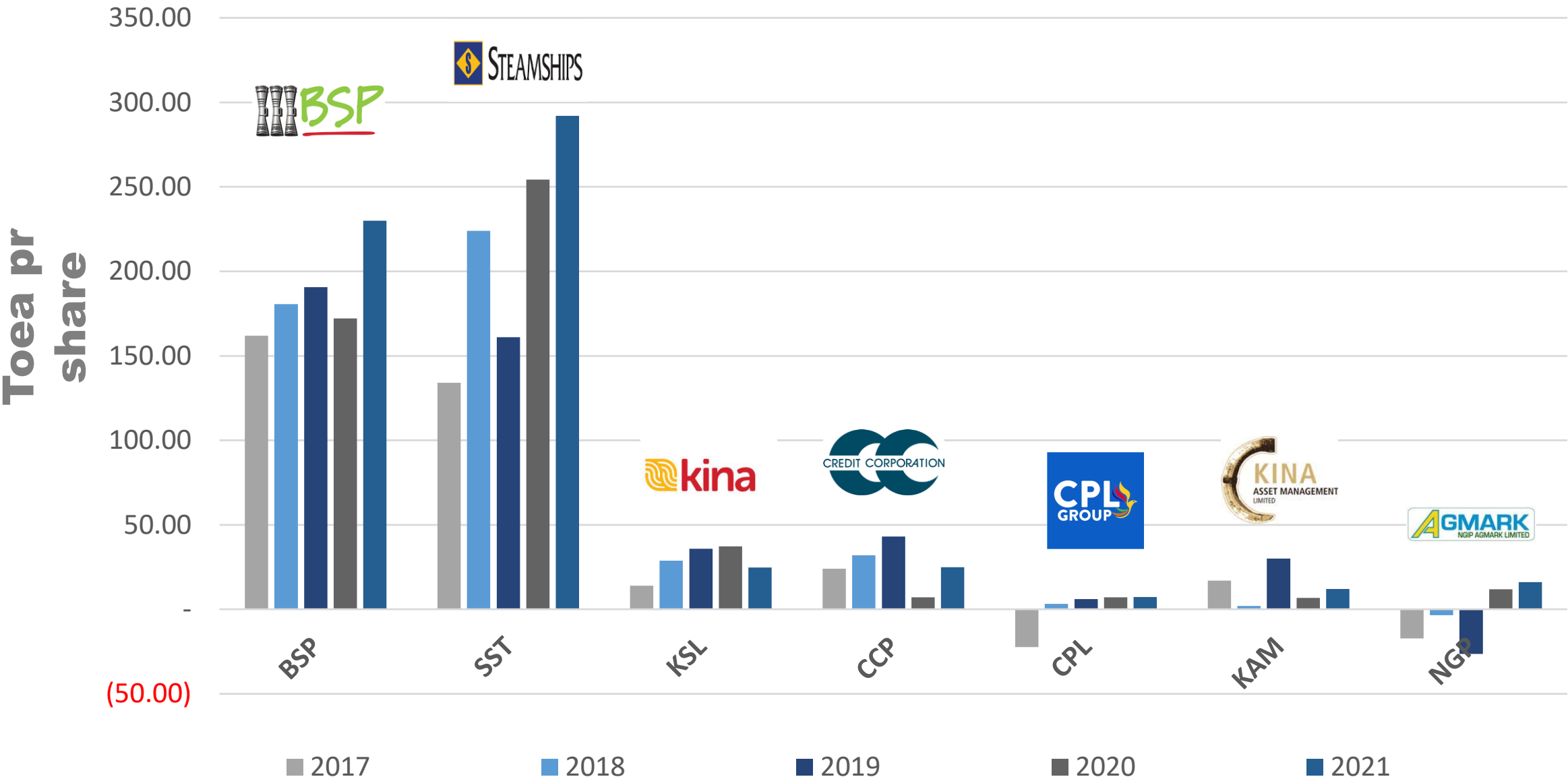
**BUT: Off low FY2020 base**  
**Earnings heavily dependent upon BSP share price and dividends**



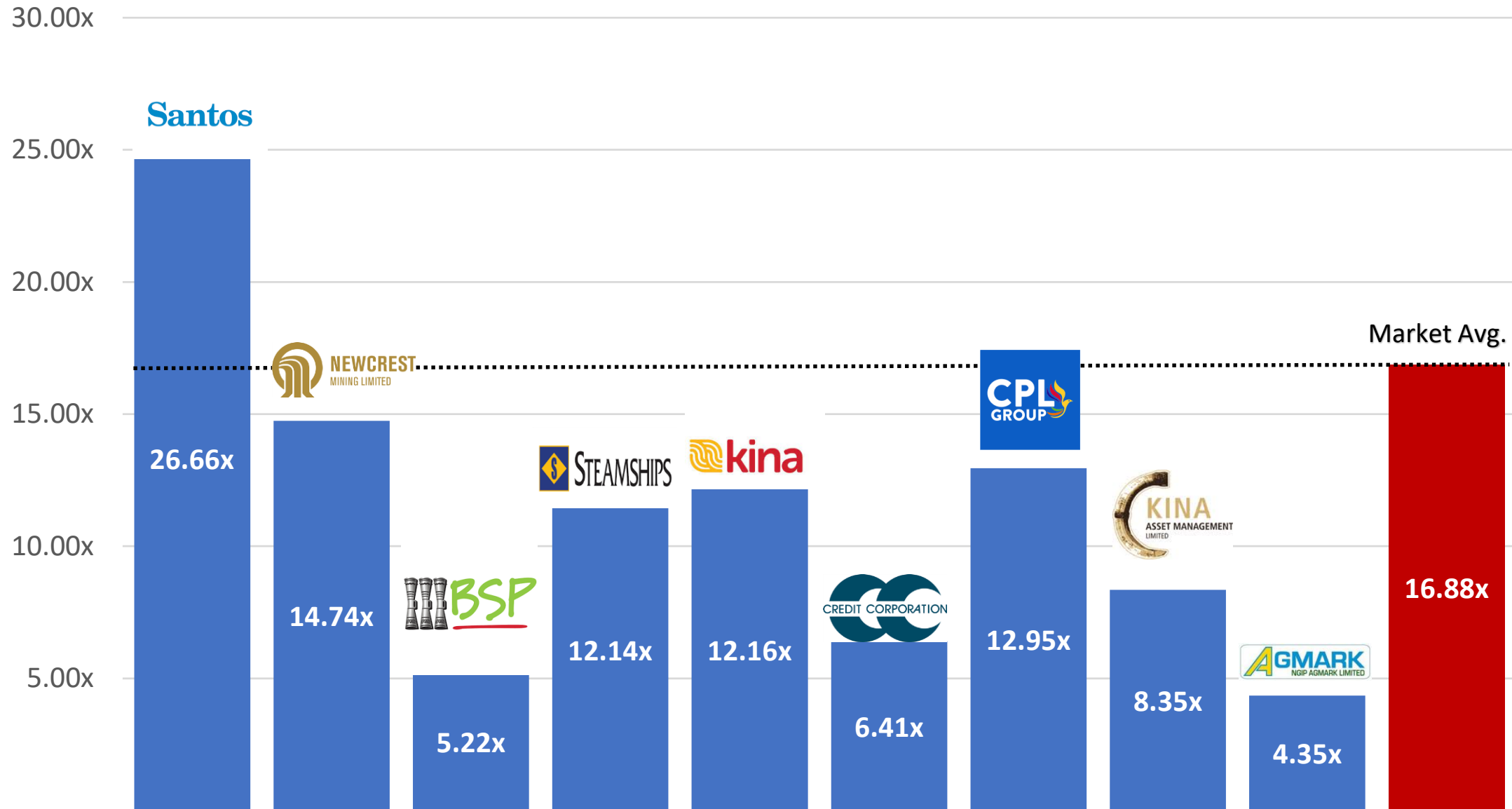
## **Continuing the strong recovery story**

**K7.4m NPAT - <34% annual growth**  
**Track record of profitability being established.**

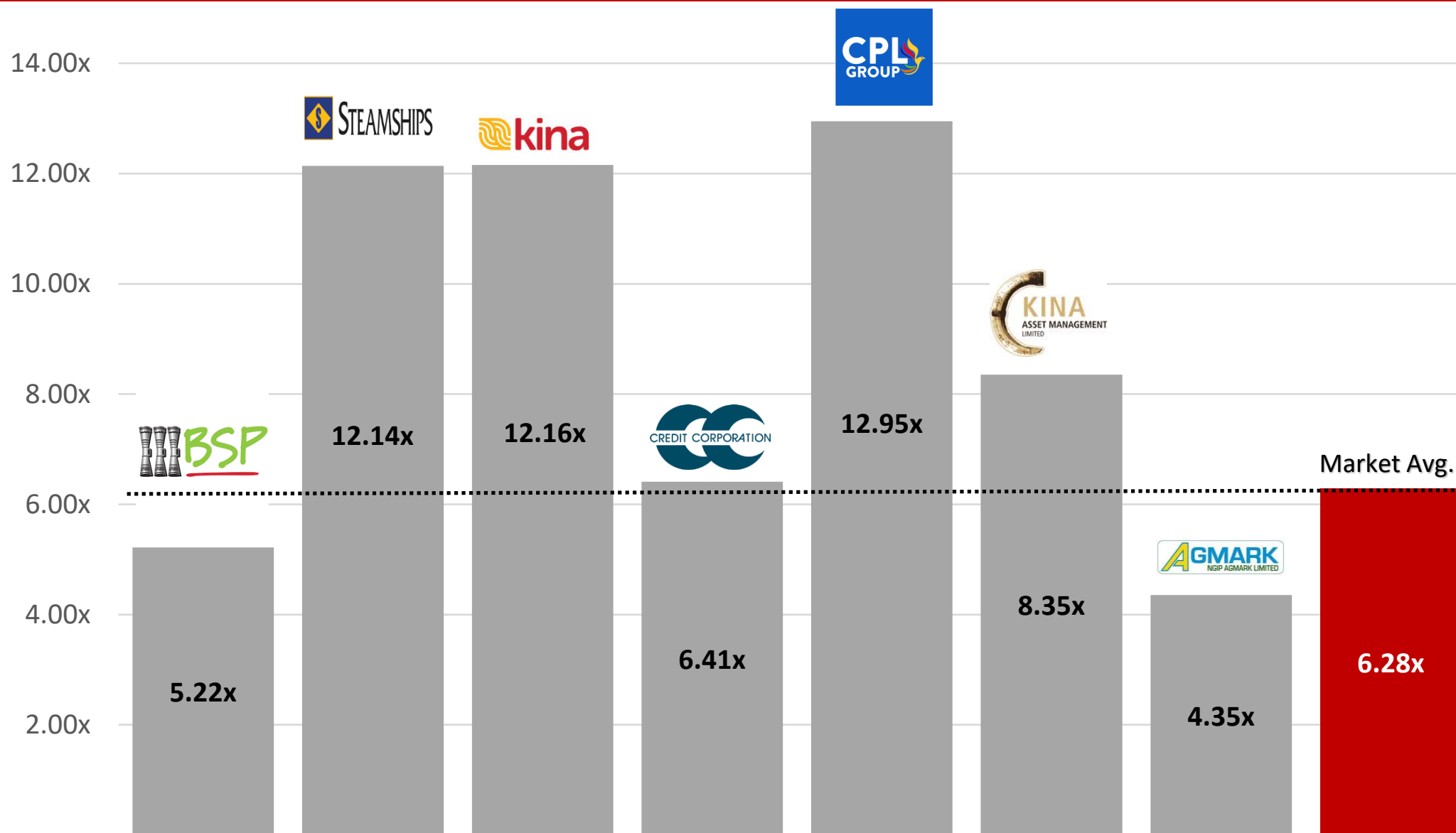
# Earnings per Share (EPS) – Excl. STO & NCM



# Price/Earnings (PE) Ratios

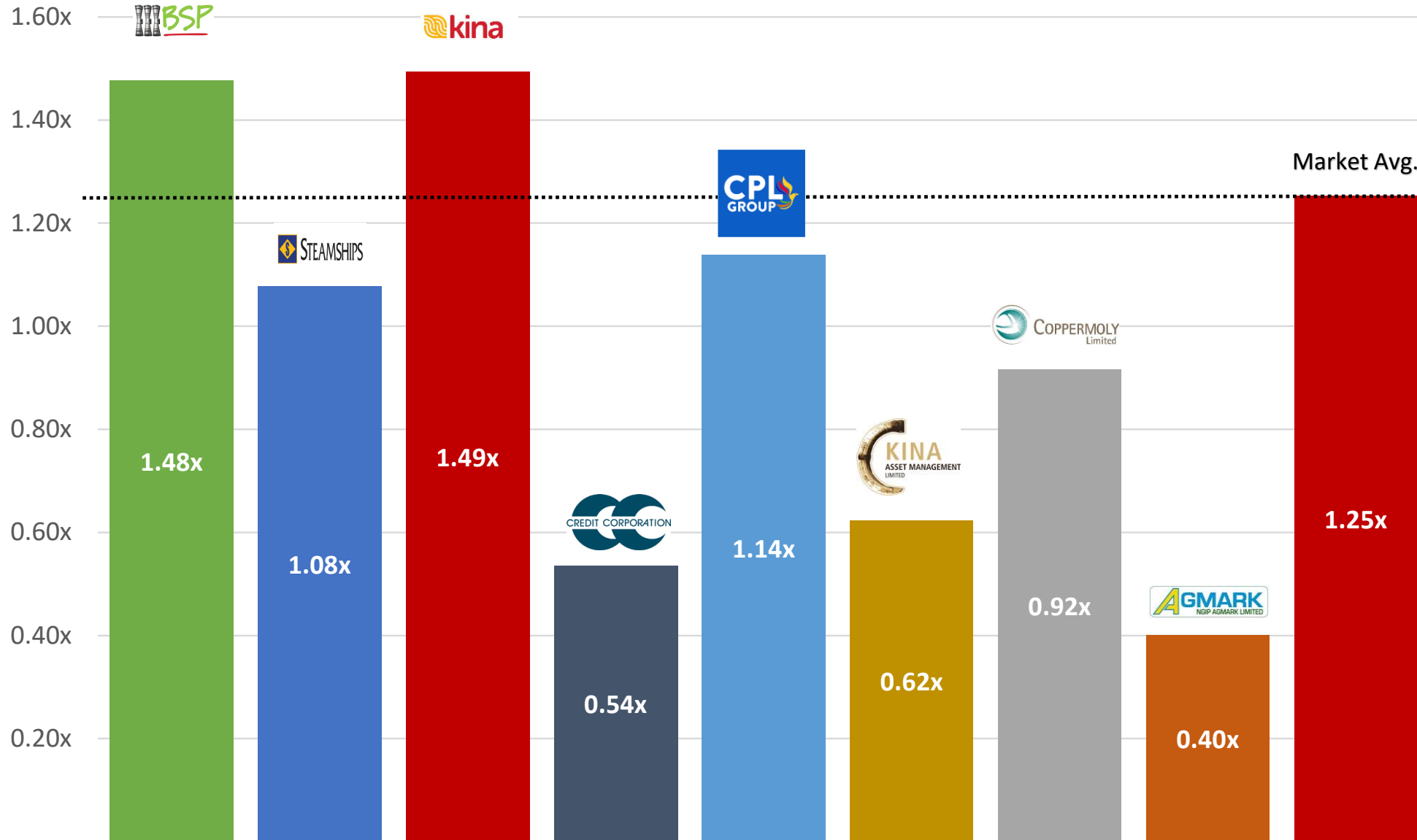


# Price/Earnings (PE) Ratios – Excl. STO & NCM



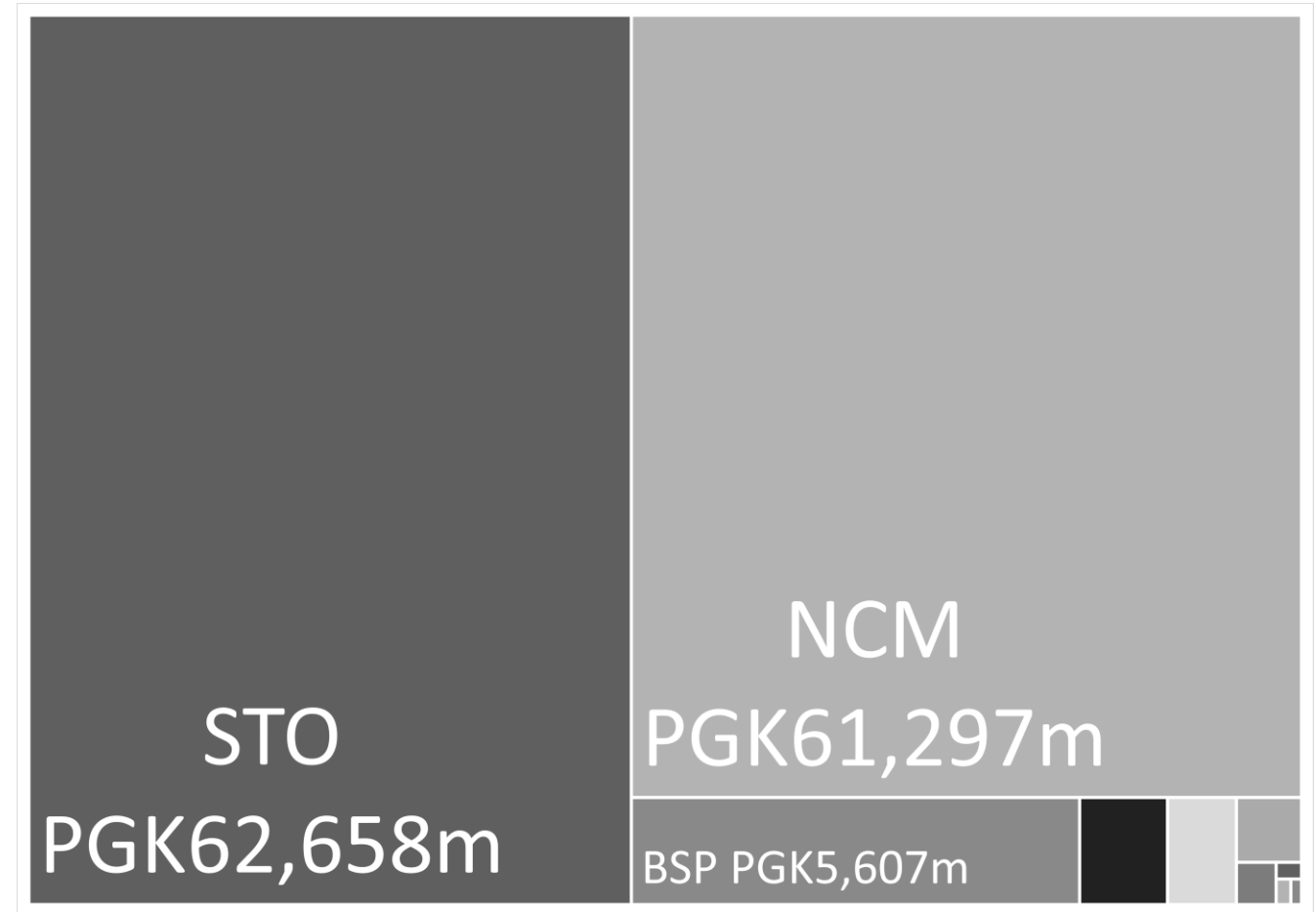


# Price/Book Value – Excl. STO & NCM



# Shape of the Market – All Stocks

Ticker	Market Cap PGK'Millions	Share
STO	62,658.05	47.35%
NCM	61,296.69	46.32%
BSP	5,606.71	4.24%
SST	1,099.55	0.83%
KSL	860.81	0.65%
CCP	492.70	0.37%
CPL	195.96	0.15%
KAM	49.89	0.04%
COY	43.45	0.03%
NGP	32.12	0.02%
<b>132,335.93</b>		<b>100.00%</b>



# Shape of the Market – Domestic Stocks

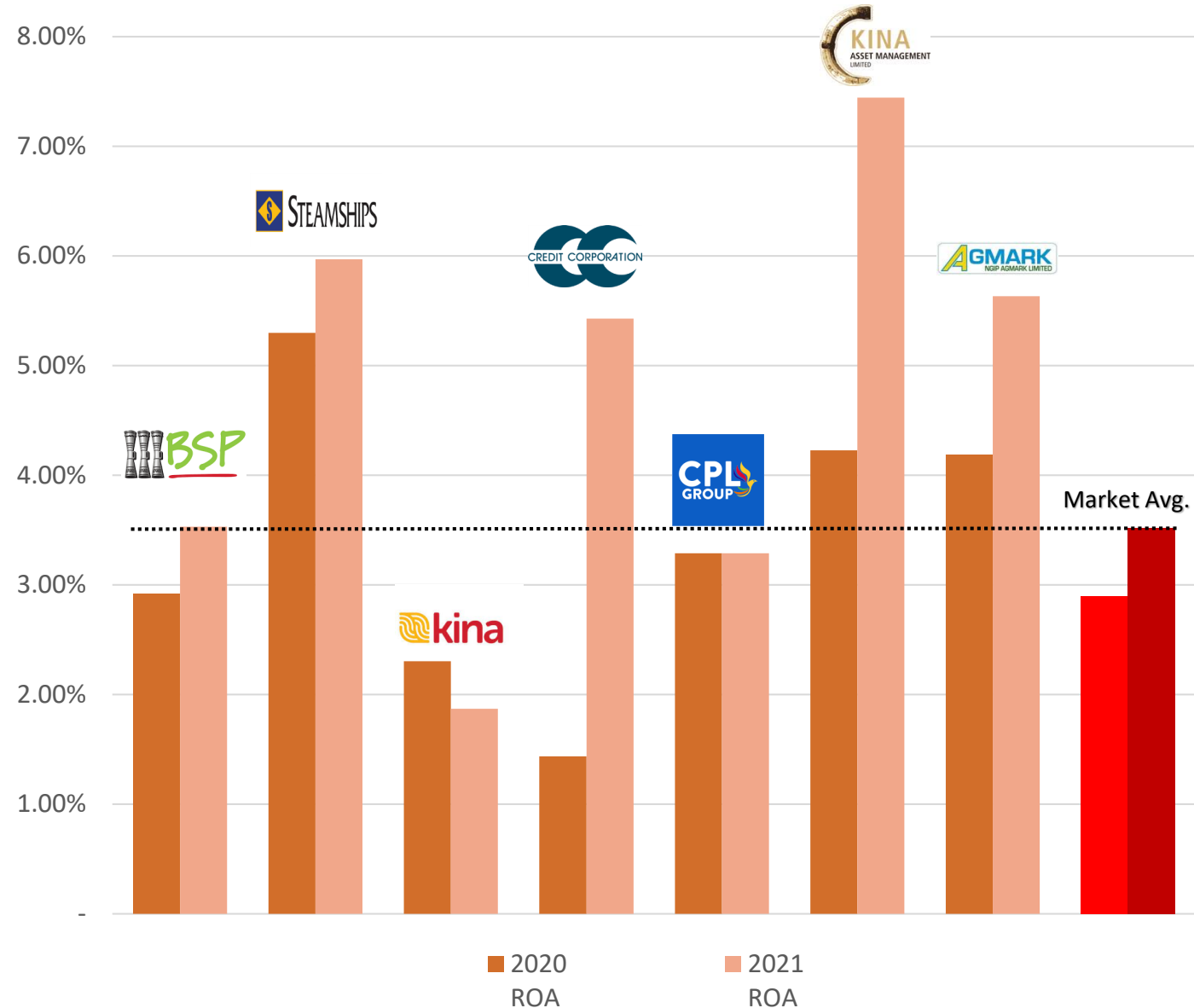
Ticker	Market Cap PGK'Millions	Share
BSP	5,606.71	66.90%
SST	1,099.55	13.12%
KSL	860.81	10.27%
CCP	492.70	5.88%
CPL	195.96	2.34%
KAM	49.89	0.60%
COY	43.45	0.52%
NGP	32.12	0.38%
<b>8,381.19</b>		<b>100.00%</b>



# Return on Assets (ROA)

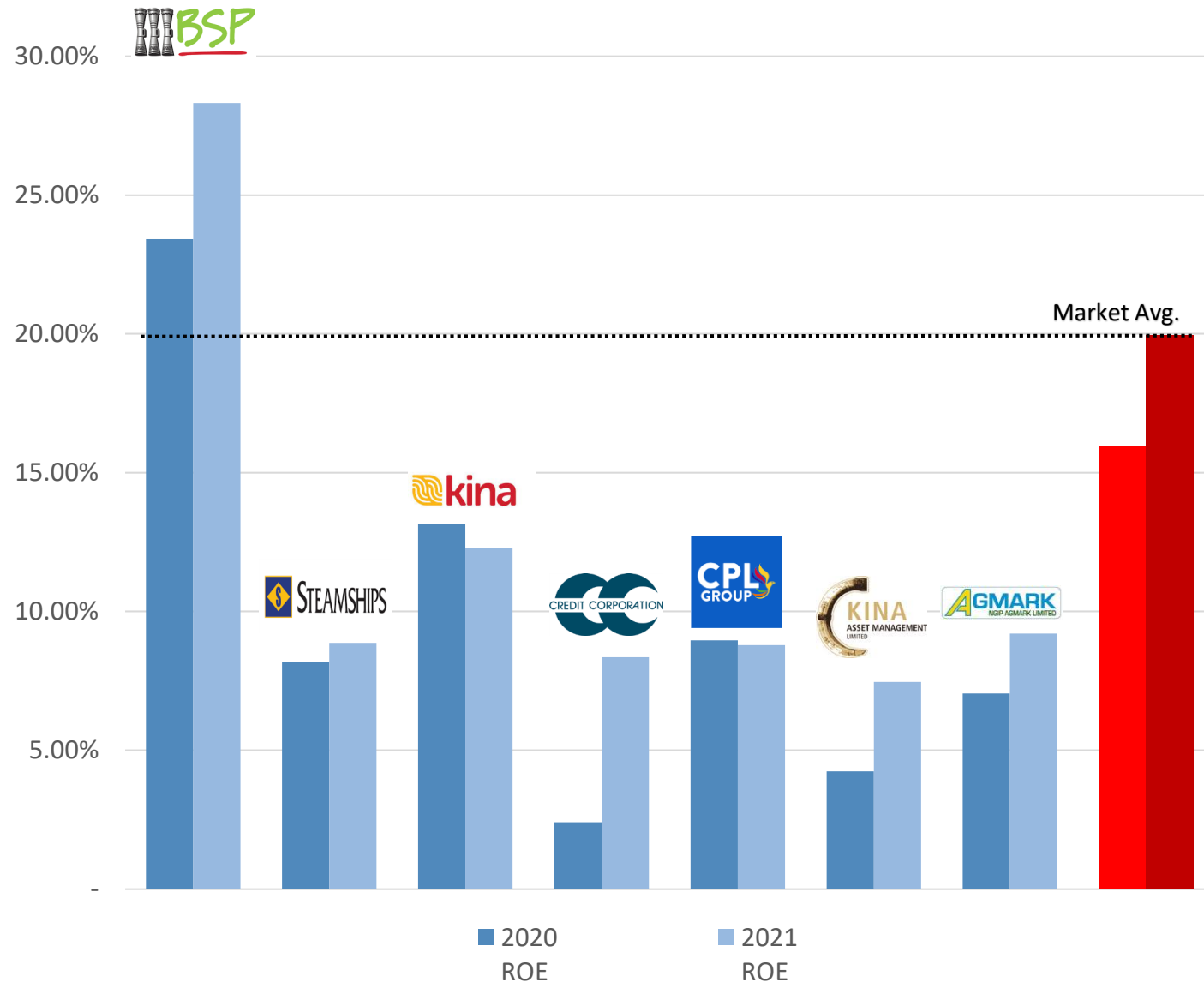
Ticker	Return on Assets 2021	Return on Assets 2020
BSP	3.53%	2.92%
SST	5.97%	5.30%
KSL	1.87%	2.30%
CCP	5.43%	1.44%
CPL	3.29%	3.29%
KAM	7.44%	4.23%
COY	(13.64%)	(6.13%)
NGP	5.63%	4.19%
<b>Market</b>	<b>3.52%</b>	<b>2.90%</b>

**3.52%**  
**Average ROA FY2021**

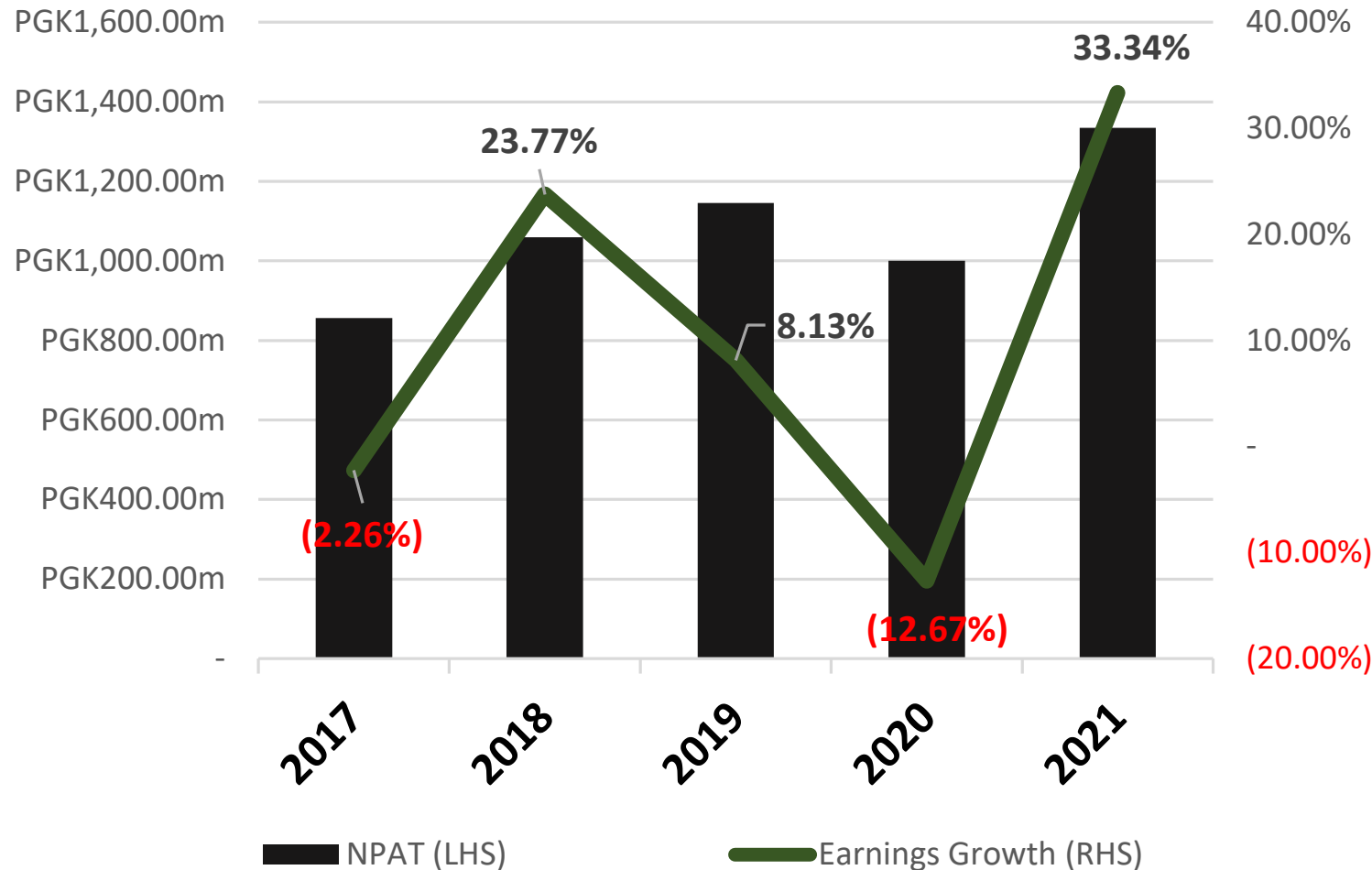


# Return on Equity (ROE)

Ticker	Return on Equity 2021	Return on Equity 2020
BSP	28.32%	23.42%
SST	8.87%	8.18%
KSL	12.28%	13.17%
CCP	8.35%	2.40%
CPL	8.79%	8.96%
KAM	7.46%	4.24%
COY	(15.14%)	(6.86%)
NGP	9.20%	7.04%
<b>Market</b>	<b>19.94%</b>	<b>15.98%</b>
<div> <div>19.94%</div> <div>Average ROE FY2021</div> </div>		



## PNGX - Domestic (ex-STO & NCM)



**K1.34bn  
NPAT  
Domestic Stocks**

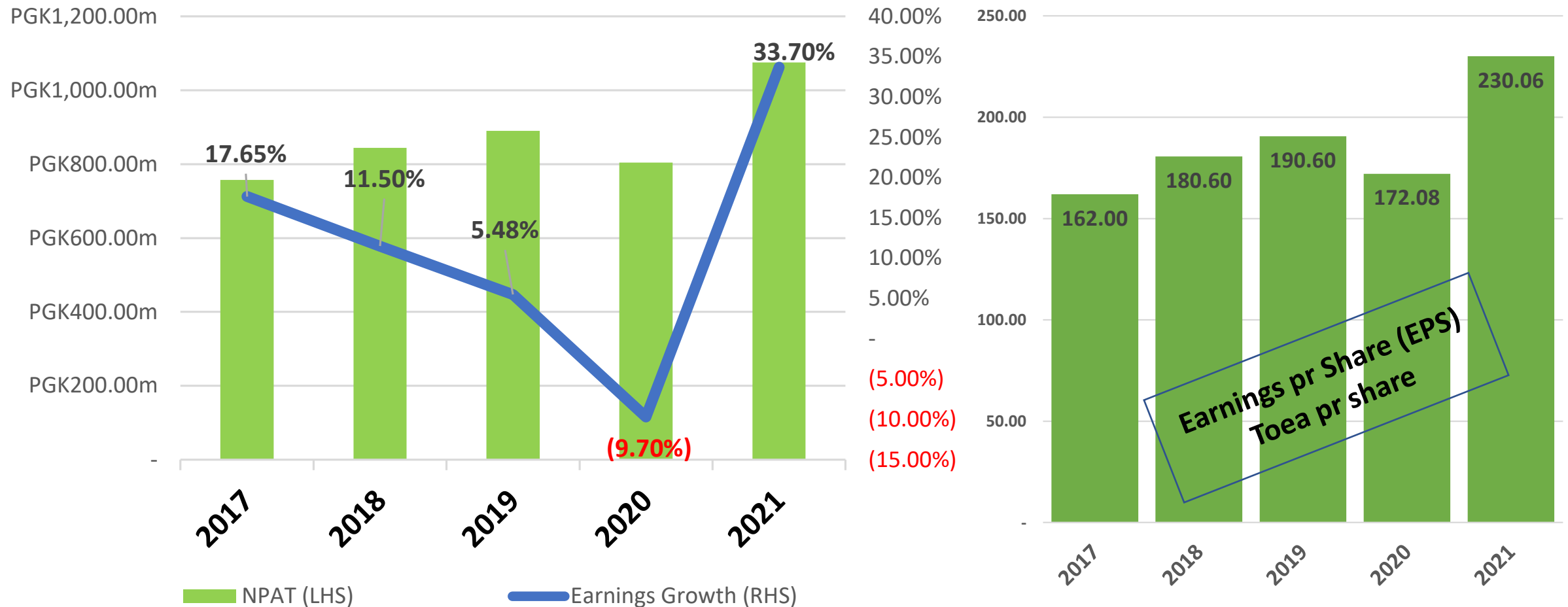
**33.34%  
Earnings Growth  
Domestic Stocks**

**On-Trend  
2020 Covid  
slowdown reversed**

# BSP: 5-year Profits and Earnings Growth



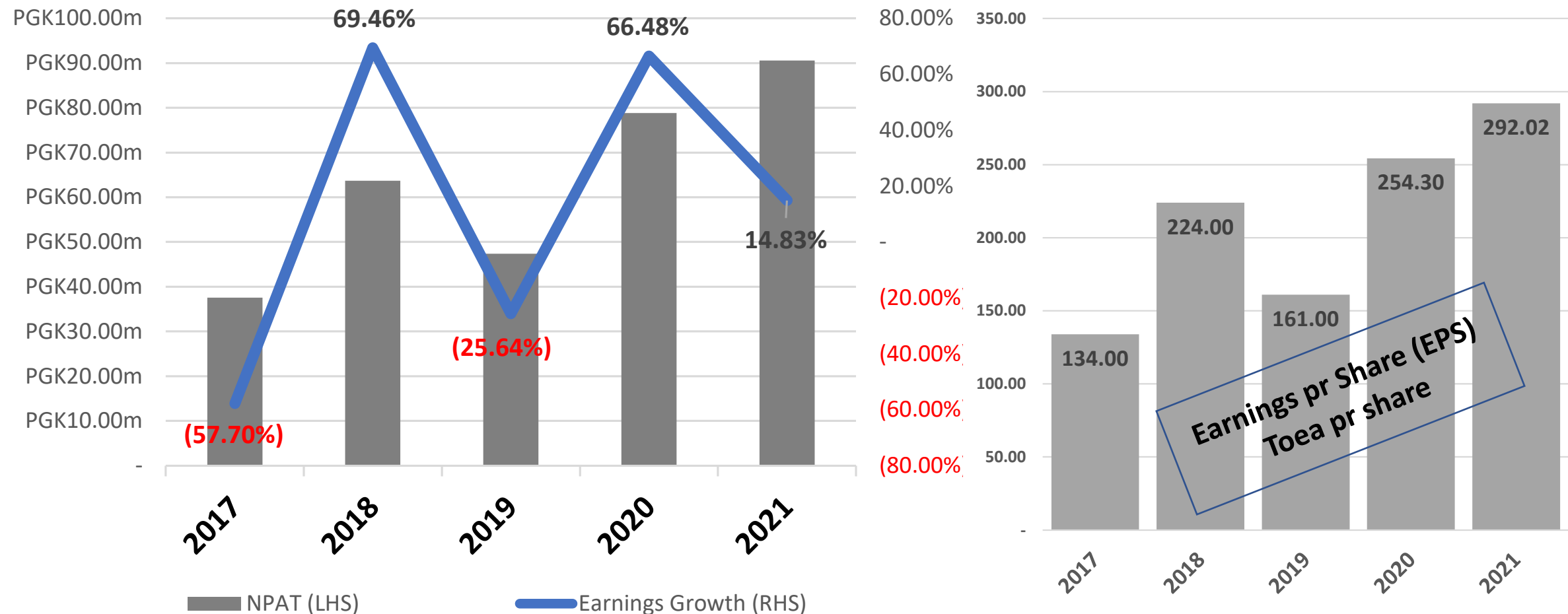
## Bank South Pacific (PNGX:BSP)



# SST: 5-year Profits and Earnings Growth



## Steamships Trading Co. (PNGX:SST)

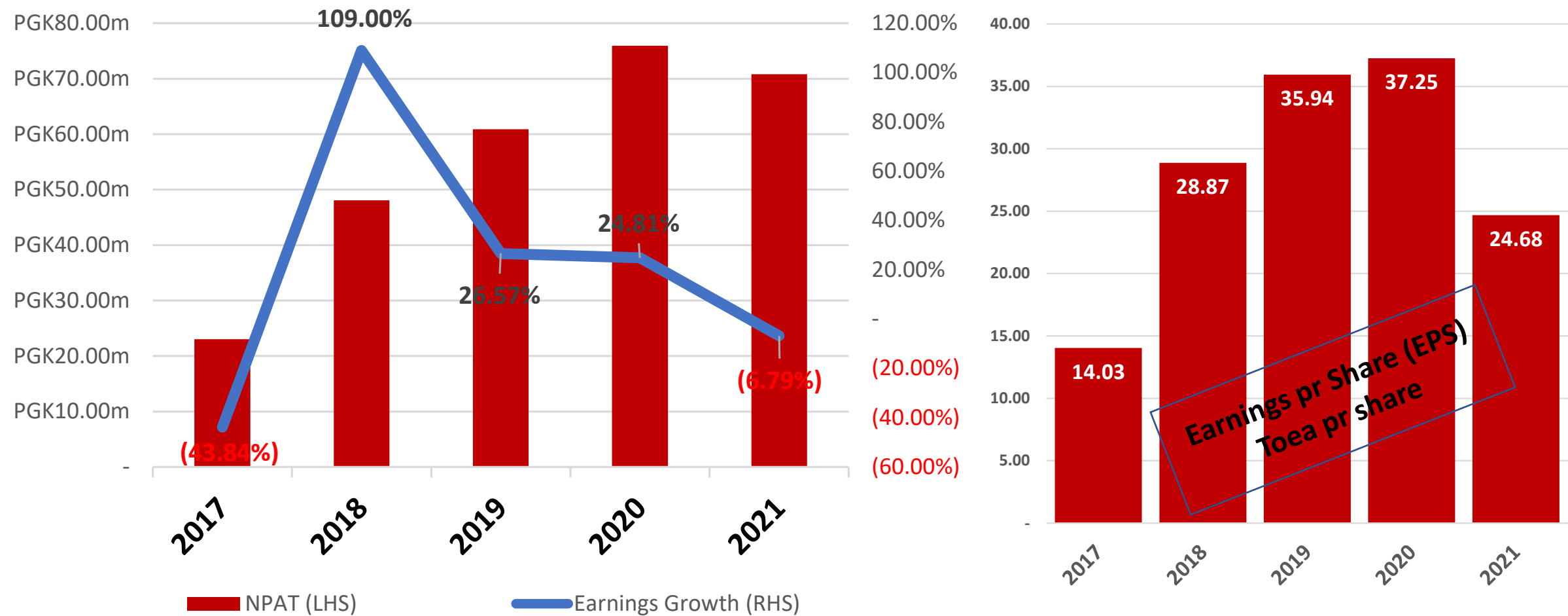




# KSL: 5-year Profits and Earnings Growth



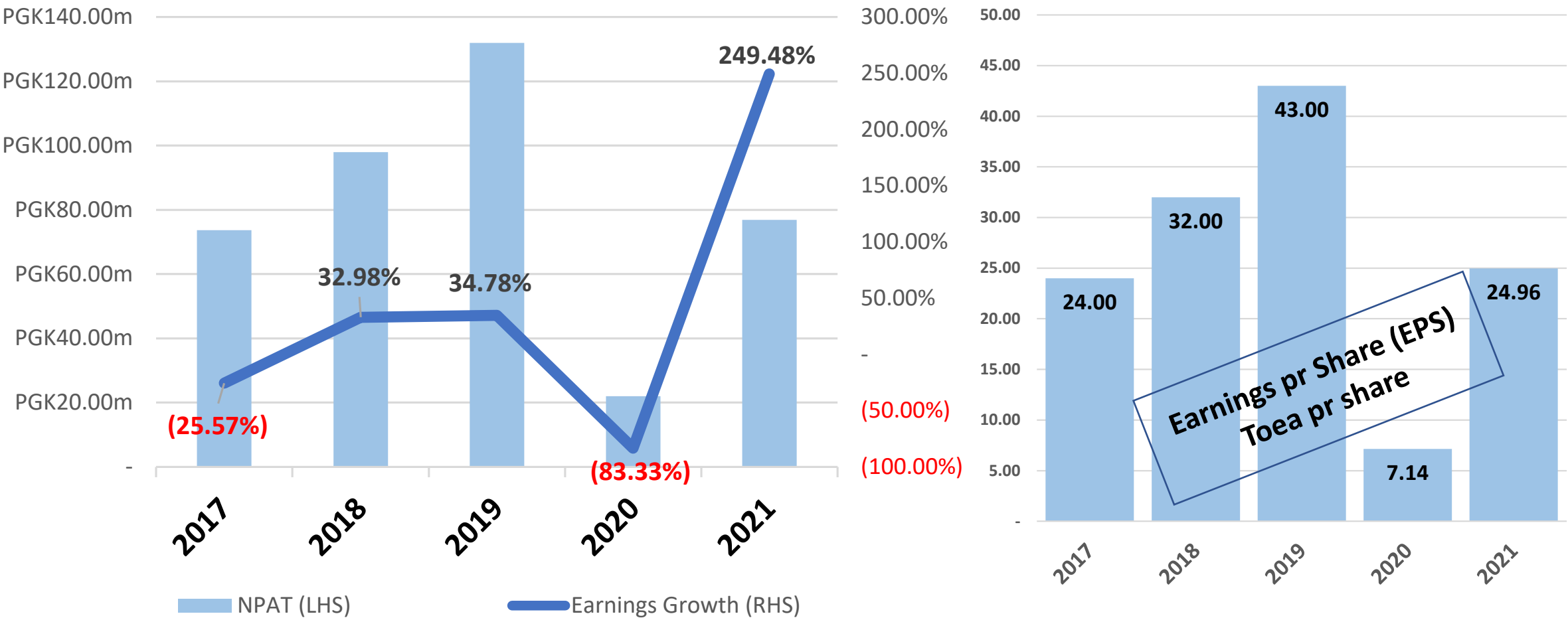
Kina Securities Limited (PNGX:KSL)



# CCP: 5-year Profits and Earnings Growth



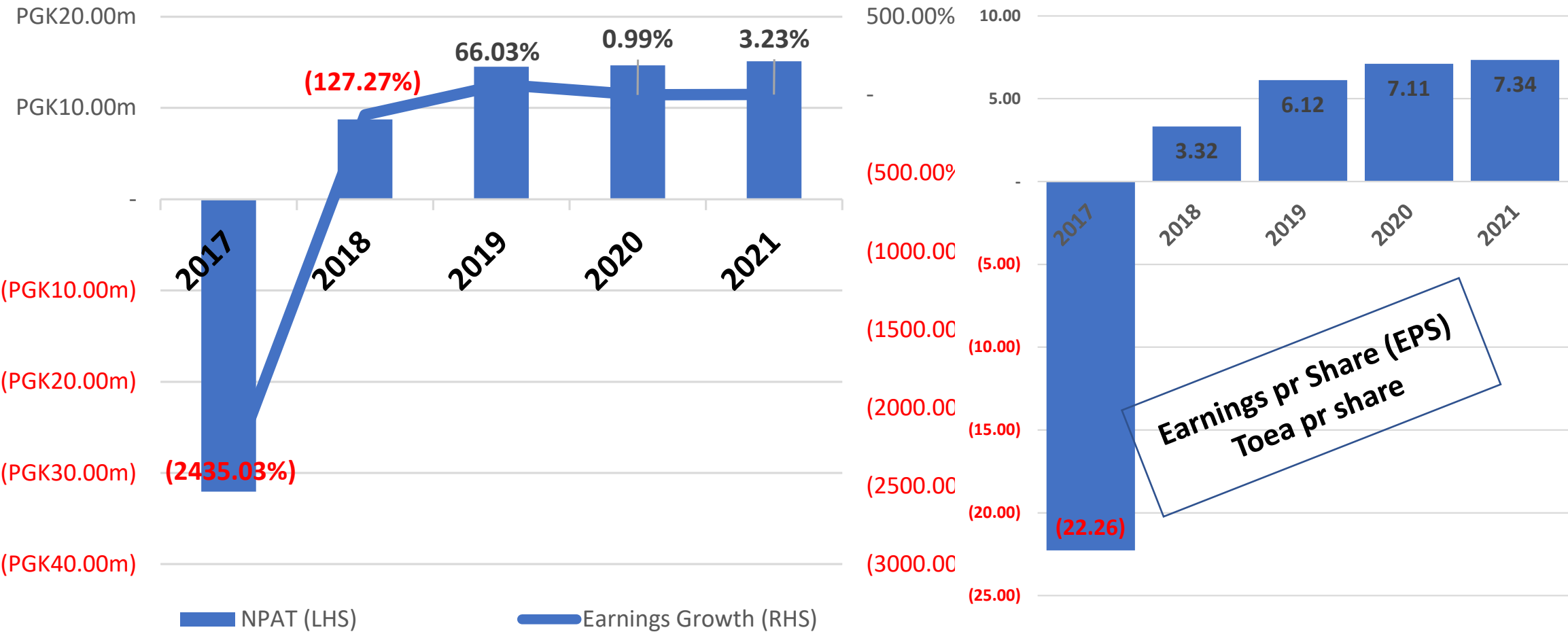
## Credit Corporation (PNG) Limited (PNGX:CCP)



# CPL: 5-year Profits and Earnings Growth



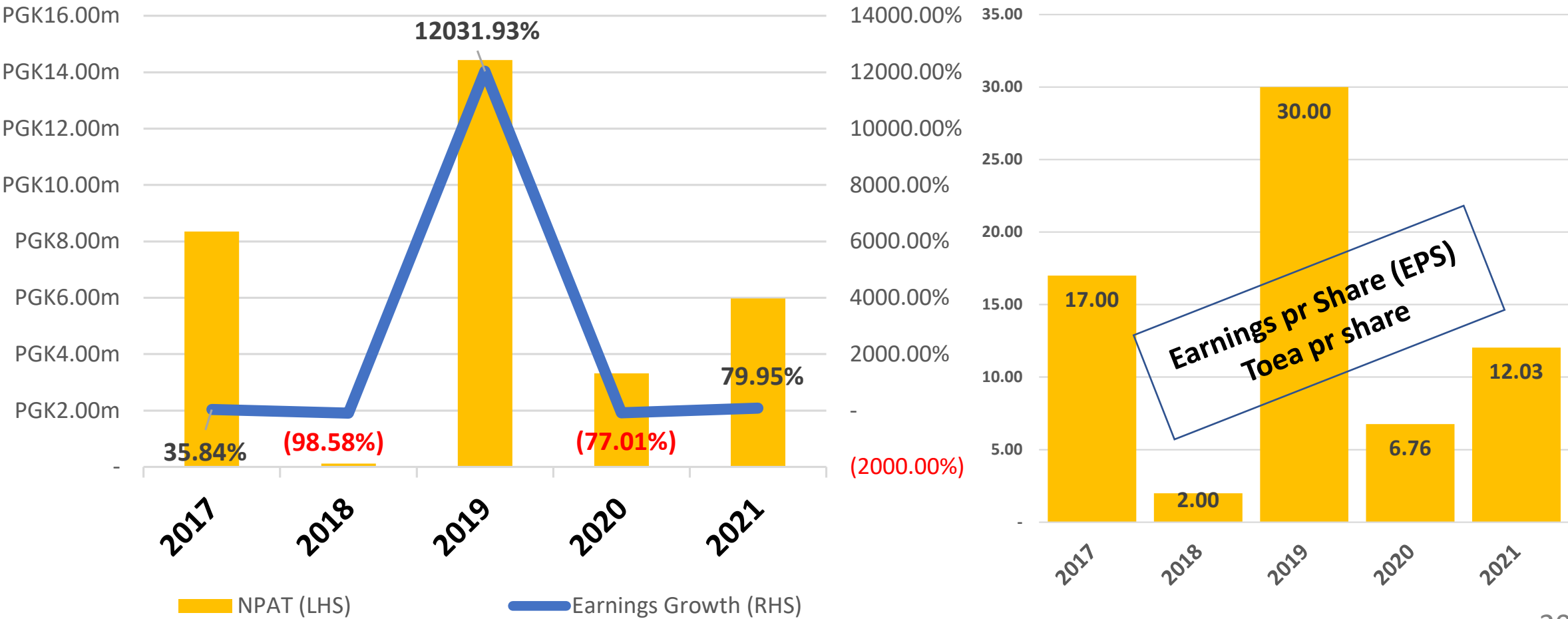
## City Pharmacy Limited (PNGX:CPL)



# KAM: 5-year Profits and Earnings Growth



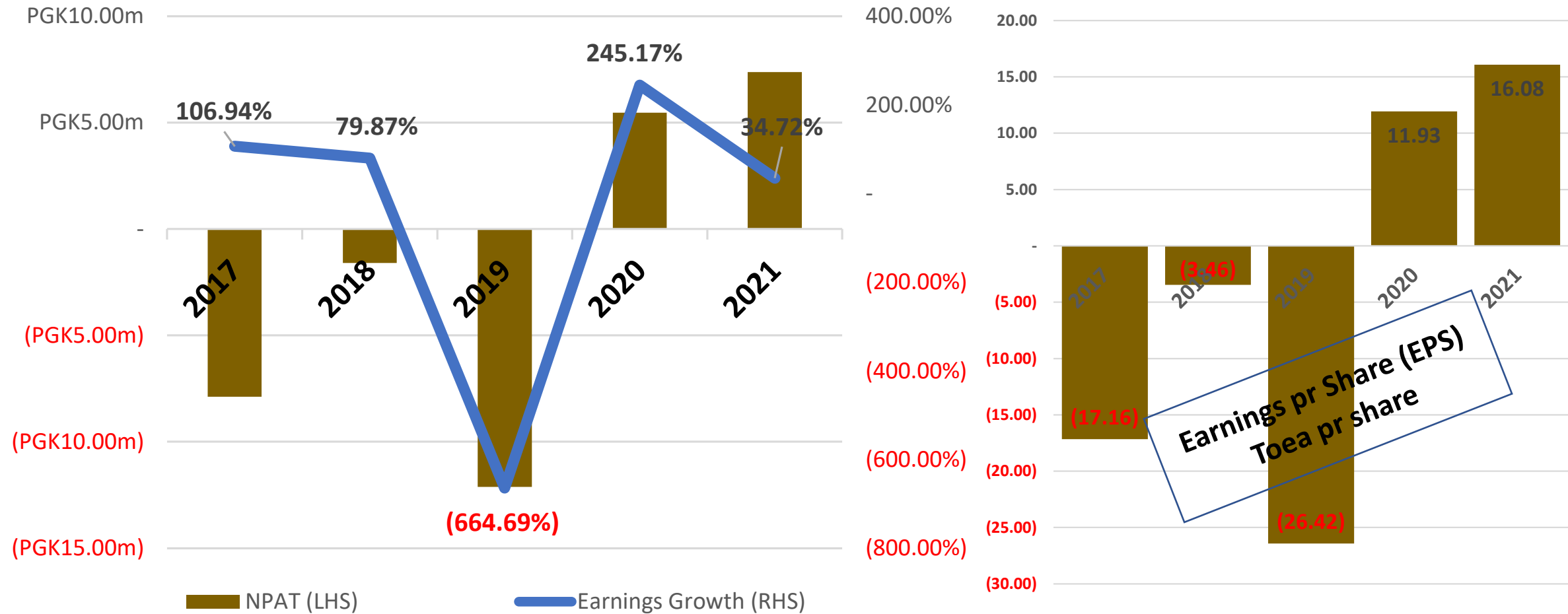
## Kina Asset Management Limited (PNGX:KAM)



# NGP: 5-year Profits and Earnings Growth



NGIP Agmark (PNGX:NGP)



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