



News Release

GraceKennedy Group Reports Increased Revenues and Operating Profits

Company Performance Ahead of Plan But Negatively Impacted By Volatility in Forex Market

Kingston, Jamaica, May 9 – In releasing its results for the three months ended March 31, 2019, the GraceKennedy Group is announcing that while Group performance was ahead of plan, profit for the quarter was below the corresponding period of the prior year. The Group recorded increased revenues of J\$25.9 billion, representing a 4.1% or J\$1 billion increase over the corresponding period last year. However, there was a decline in net profit after tax of 22.6%. Net profit attributable to stockholders was J\$897.0 million, 24.9% or J\$297.3 million lower than that of the corresponding period of 2018.

According to Group CEO, Don Wehby, “The indicators that the Group performed well, are clear. Unfortunately, that positive performance was adversely impacted by the ongoing volatility in the Jamaica foreign exchange market, particularly as it regards the US Dollar. As a net earner of foreign exchange with net foreign assets whose values are subject to movements in foreign currency exchange rates, that volatility had a significant, negative effect on the Group’s overall performance. Notwithstanding, we will continue to maintain our levels of improved operating performance, and expect to meet our targets.”

Over the three month period, shareholders’ equity increased by J\$1.1 billion to J\$45.7 billion, which resulted in a book value per share of J\$46.06. The Company declared an interim dividend of J\$0.40 per stock unit, payable to shareholders on June 14.

In terms of segment performance, the Food Trading Division recorded improved revenue, but declined in profitability when compared to the corresponding period of 2018. The Group’s Jamaican foods business experienced growth in most of its key products, with Hi-Lo Foods Stores continuing to experience recovery in sales and customer count. GK’s recent investment in Catherine’s Peak Bottling Company Limited also contributed positively to the profitability of the division, while Consumer Brands Limited (CBL) continues to perform well.

Internationally, there was increased revenue for GraceKennedy Foods (USA) LLC, stemming from a 6% growth in both the Grace Brand and the Third Party brand portfolios. Of particular note is the performance of Grace Patties, which exceeded Q1 2018 performance by over 200%.

The decline in the overall profit for the Foods Division is mainly attributable to the performance of Grace Foods UK Limited (GFUK), as well as the delay in the start of production at GK’s new manufacturing plant at Denbigh, Clarendon in Jamaica, which impacted supplies.

Negatively affected by a decline in sales compared to the same period in the prior year, GFUK will be relaunching its Nurishment product, from which improved performance is expected.

Released by the GraceKennedy Corporate Communication Department

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The GraceKennedy Financial Group (GKFG) reported marginal growth in revenues over the corresponding period in 2018. The Banking and Investments segment reported an increase in pre-tax profit compared to the corresponding period in 2018, with First Global Bank Limited (FGB) reporting increased profitability and growth in its loan portfolio, and continued strong growth at GK Capital Limited (GKCM), which resulted in GKCM's climb to second in Jamaica Stock Exchange trading volumes. GKCM's investment banking unit continued to perform positively after raising over J\$1 billion in fixed income financing for clients during the quarter.

The Insurance segment also reported strong growth in revenue. Allied Insurance Brokers Limited (AIB), which celebrated 50 years in April 2019, remains the leading insurance broker, with continued year over year revenue growth. GK General Insurance Company Limited ended the first quarter with strong performance in revenues against prior year period.

Performance in the Money Services segment was impacted by a decline in remittance transaction volumes due to the ongoing implementation of enhanced compliance measures being developed in partnership with Western Union, as well as the volatility in the foreign exchange market. It is anticipated that the increased oversight, for the protection of customers, will be a competitive advantage through a stronger network of agencies. Performance was positively impacted by growth in the Bahamas markets, the most recent addition to the money services operation within the Caribbean region. The Money Services segment continues to focus on providing a wide range of innovative solutions to meet customers' needs across the Caribbean.

"We remain optimistic about GraceKennedy's strategies, as well as our goals and objectives. It is an exciting time for our Company, having just moved into our new Headquarters in downtown Kingston. We are focused on the task at hand, as well as the challenges in the operating environment, with a view to navigating the landscape so that we perform profitably. As always, we would like to thank our shareholders, employees and customers for their support and commitment. Even in this constantly changing operating environment, GK remains focused on our goal to be agile, efficient and successful, as we seek to realize our vision of becoming a Global Consumer Group, guided always by our core principles of Honesty, Integrity and Trust," Mr Wehby said.

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