News Release

GraceKennedy Group Reports Strong Q3 Performance

Group Profit Before Tax Up by J$277M

Kingston, Jamaica, November 7– In releasing its results for the period ended September 30, 2019, the GraceKennedy Group is reporting improved performance. Profit before tax for the three month period was J$277.0 million or 17.0% higher than the corresponding period of 2018.

For the nine month period profit before other income was J$2.88 billion, 30.2% or J$668.1 million higher than that of the corresponding prior year period, indicating an improved operating margin. The Group achieved revenues of J$77.03 billion, representing an increase of 4.3% or J$3.20 billion over the corresponding period of 2018. Net profit after tax was J$3.71 billion, representing a marginal increase of 0.1% or J$2.04 million over the prior year period. Net profit attributable to stockholders was J$3.27 billion, 1.7% or J$54.2 million higher than that of the corresponding period of 2018.

"We're proud to report these results to our stockholders, and we expect that we will meet our financial targets for 2019, while achieving improved operating performance," said Group CEO, Don Wehby. "We remain focused, and are working on several new and ongoing improvement initiatives across the Group, with a view to producing positive results and improving stockholder value," he noted. He added that GraceKennedy is keeping itself agile and nimble, readying itself for future growth and transformation.

GraceKennedy Group CFO, Andrew Messado announced dividends of $0.40 per stock unit, payable on December 13.

The Group noted that its results were impacted by increases in non-operating expenses as a consequence of the adoption of the new accounting standard on leases, IFRS 16, and the previously adopted IAS 19 post-employment benefit expenses. Both resulted in a combined negative impact of J$489.0 million.

In terms of segment performance, the Food Trading Division recorded improved revenue and profitability, due to the performance in both its Jamaican and USA Food businesses.

GK's Jamaican foods distribution business experienced growth in both revenue and pre-tax profits, coupled with improved operating margins. Hi-Lo Foods Stores showed improved operating performance over the corresponding prior year period, and the investments in the Catherine's Peak brand of pure spring water and Consumer Brands Limited continue to perform well. Grace Agro Processors (GAP) Hounslow and GAP Denbigh continue to broaden their supplier base for raw materials, while GAP Denbigh started exporting Grace Canned Ackee, Grace Canned Callaloo and Grace Jerked Seasoning to the USA, UK and Canada.

GraceKennedy Foods (USA) LLC continues to show improved performance when compared to the corresponding prior year period, with revenue for the Grace brand growing by double digits primarily driven by improved sales of Grace Frozen Patties, Grace Corned Beef, Grace Sardines and Grace Mackerel. On October 7, the company opened its new US$5M Grace/La Fe distribution facility in Woodbridge, New Jersey, an investment expected to drive increased operating efficiencies and improve staff and customer satisfaction.

Grace Foods Canada Inc. has strengthened its distribution presence in Western Canada with additional listings of Grace Jerked Chicken Wings and other frozen products in Sobeys, Canada's second largest supermarket chain. Grace Foods UK is currently in the process of rolling out plans to re-launch Nurishment, as the company's performance was negatively impacted by the decline in sales of that brand.

The GraceKennedy Financial Group Division reported growth in revenues and pre-tax profit for the nine month period over the corresponding period in 2018. In the Banking and Investments segment First Global Bank (FGB) opened four ***Money Link*** bank agents in the quarter, bringing the total number of agents across Jamaica to eight. The Insurance segment continues to perform well, with existing operations achieving growth and various new initiatives forming a base for future growth. GK General Insurance Company Limited continues to play a major role in the insurance sector, providing insurance products for many of the large infrastructure projects across Jamaica. The Money Services segment reported a marginal decline in both revenue and pre-tax profit compared to prior year. The business continues to enhance customer convenience through digital offerings which have showed increasing adoption by customers since introduction. Its most recent innovation is the unveiling of a new payment option that allows Amazon.com customers in Jamaica to pay in local currency for their Amazon.com purchases through Western Union, enabling customers to shop Amazon.com's vast product selection and pay in cash at Western Union Agent locations across Jamaica.

"We are committed to our goal of making GraceKennedy a Global Consumer Group, and our results demonstrate that we are steadily making progress on that goal. We are grateful, as always, to our stockholders, employees and customers for their support on our journey, guided always by our core principles of Honesty, Integrity and Trust," Mr Wehby said.

Contact: Simone Clarke-Cooper

Chief Communication & Sponsorships Officer
(876) 932-3174; (876) 809-1121