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## News Release

### GraceKennedy Targeting 20% on ROE

GraceKennedy Ltd. is targeting a 20% Return on Equity (ROE) in the long term. ROE for 2010 stood at 8.9%. This commitment was made by Don Wehby, Group Chief Operating Officer of the company at its Annual General Meeting held on Thursday, May 26, 2011.

Mr. Wehby, in his presentation, also pointed to an increase in share price from \$40.50 at the start of 2010 to \$51.00 per unit by year end an increase of 25.9%.

"However," he said "I must point out that the net book value was \$80 per stock unit, meaning that there was an undervaluation of the company's stock."

Mr. Wehby noted that the company was not satisfied with the 2011 first quarter performance which saw a 19% decrease in profitability when compared to the first quarter in 2010. This decline, he said was primarily driven by the company's performance in the financial services division and the impact of the Jamaica Debt Exchange (JDX). However, he pointed out, while financial services suffered a negative impact from the JDX, this benefited the food division and Hardware and Lumber Ltd. through reduced interest cost.

"Notwithstanding these challenges," Mr. Wehby commented, "we have put in place what we consider to be the necessary strategies to turn around the performance."

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**A Release from the GraceKennedy Corporate Communications Department  
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Some of these strategies, he said, included reconfiguring the corporate structure to increase efficiency and enhance risk management skills, and leveraging the brands internationally. GraceKennedy, Mr. Wehby added, would be focusing its attention on improving productivity levels, in order to become and remain world competitive as a global consumer group by 2020.

In pursuit of this objective, the company has invested some US\$30 Million in its Distribution Centre located at Bernard Lodge Estate in St. Catherine.

"When we look at the markets we are in we can say that our brand is the only Caribbean brand in all of those markets, which – outside of our region - span North America, Europe, and several Asian and African countries."

"We are working on improving our margin management, our working capital management and the generation of cash," he disclosed. "We know that, given the huge emphasis that we have placed on the centricity of consumers, we have to improve on our service levels. We are determined that we have to grow our revenues by introducing new products and services, which we will be offering through our food and financial services divisions. I think the public will find these new offerings quite innovative and exciting. We are totally focused on improving our return on equity and we will continue to do so by turning around our underperforming companies, and by maximizing the value of our human capital through continuous training and development."

"We have spent a lot of time improving our risk management and internal controls. We have an Executive Risk Committee which monitors the mitigating actions submitted by the business units. We have put in place the necessary investments and human resources to ensure that irregular trading activities will never happen in any GraceKennedy financial services company again."

At the same time, he said, the banking group - First Global, had made significant impact in the sector, in terms of the introduction of an innovative service called Global Access. Global Access is an online banking system which provides a means for customers to manage their accounts, including providing access to balance information, bill payment, international wires, account transfers, cheque book re-orders, stop payment on cheques, requests for managers cheques, configuration of standing order payments and credit card history.

"With the implementation of these strategies, we expect to see an improved performance by the end of the year." Mr. Wehby concluded.

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Date: May 31, 2011

