

## Desnoes & Geddes Limited Release Half Year Results, Announce Revenue Up 12%

**Kingston, Jamaica – 15<sup>th</sup> February 2015** - The Directors of Desnoes & Geddes Limited (D&G), producers of Jamaica's Red Stripe Beer, and distributors of leading international beer and spirits brands Guinness, Heineken, Smirnoff & Johnnie Walker, released the group's financial results for the six-month period ended December 31, 2014.

Commenting on the company's performance, Managing Director Cedric Blair said, "These results demonstrate the continued resurgence of the group's performance over the last few years. I am very pleased that the interventions we have made on our three strategic priorities, investing in our brands, generating profitable export growth and driving end to end efficiencies have put the business on a more positive trajectory."

Finance Director Bruce Kidner remarked, "Revenue increased by 12% for the half year to \$6,661m. Revenue from our domestic portfolio of brewed beverages grew by 10% driven by a combination of volumes mix and price. Export sales revenue also improved and was up 14%. Operating profit for the period increased 11%, driven mainly by our domestic market performance. Organic profit after tax, which excludes the profit on sale of investments of \$970 million grew by 18% and we are pleased to recommend an interim dividend of 13.0 cents per share."

	Results Summary		
	6 Months Dec 2015	GROWTH BEFORE EXCEPTIONALS	REPORTED GROWTH
Net Sales (J\$m)	6,661	-	+12%
Marketing Spend (J\$m)	653	-	+31%
Operating Profit (J\$m)	1,632	-	+11%
Operating Margin	24.5%	-	-
EPS	40.98	+18%	(41%)
Interim dividend per share (cents)	13.0		

### Domestic Performance

Investment in brands, a top strategic priority, grew by 31% to \$653 million. Red Stripe continued to grow as the brand renewed its sponsorship of the Red Stripe Premier League. Increased marketing investment also supported the launch of Red Stripe Sorrel, which delivered a strong performance over the key Christmas selling period. Both Heineken and Guinness benefited from packaging renovations and Guinness launched its new bottle design at the Arthur Guinness Day music event in September. The new Heineken Star bottle was also unveiled in November. Dragon Stout continued to deliver significant growth to support category. Competition in vodka category continued to increase but Smirnoff maintained its market leadership position, supported by new commercial programs implemented in the second quarter.

### **Export Performance**

Supported by the strategy to drive profitable export growth, Desnoes & Geddes' export business grew by 21% by expanding the distribution footprint into a number of new markets and growing the export portfolio in existing markets. The primary licensed brewery markets of Great Britain and the USA delivered improved performance, with volume | growth of 4% in Great Britain, and performance improvement over Q1 in the highly competitive and crowded USA market.

### **Profit**

Gross margin expansion of 1.7 percentage points was driven by ongoing work on the third strategic priority, driving end to end efficiencies, which included a number of capital investments to improve the cost structure of brewing operations. Cost of sales per case was kept below inflation despite the cost of imported goods increasing as a result of the depreciation of the Jamaican Dollar. Operating profit grew by 11% driven mainly by the strong top line growth of domestic sales.

Chairman Richard Byles added "With the continued investment in the brands and the start of phase 2 of our capital investment program to modernise and update our plant, bringing further efficiencies to operations, we believe the business is in good shape to go forward. We are on track with our strategy and remain firm on our ambition to become the largest and most respected total beverage alcoholic company in Jamaica, increasing annual sales to 10 million cases. We fully intend to continue to outperform the overall market and we are confident that we will see a solid performance in the second half of the financial year."

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### **For enquiries**

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### **About Desnoes and Geddes**

D&G which trades as Red Stripe Jamaica, is a leading Jamaican brewer and beverage manufacturer. It was formed in 1918 by Eugene Peter Desnoes and Thomas Hargreaves Geddes and has been listed on the Jamaican Stock Exchange since 1970. Brands from the stables of D&G include Red Stripe, Guinness Foreign Extra Stout, Heineken, Dragon Stout and D&G Malta. D&G is a member company of Diageo Plc; the world's leading premium drinks business with an outstanding collection of brands such as Smirnoff, Johnnie Walker, Ciroc, J&B and Baileys, amongst others.

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