



Press Release

GraceKennedy releases Q1 Results

- Reports revenue of \$23.7B and net profit of \$1.1B

[Kingston, Jamaica May 12, 2017] The GraceKennedy Group released its First Quarter 2017 results reporting an increase in revenue of \$1.6 billion to \$23.7 billion. This was driven by growth in both its Food Trading and Financial segments.

Profitability for the quarter was ahead of plan although net profit for the period rounded off at J\$1.1 billion decreasing by J\$452.2 million or 28.3% over Q1 2016. As previously reported, a non-recurring gain of J\$423.5 million was realised on the liquidation of some non-operating subsidiaries for the corresponding period of 2016. Without this gain, net profit for the current period would have been marginally lower than the corresponding period of 2016 by 2.4%.

GraceKennedy's share price increased by 6.1% for the first three months of the year. On February 28, 2017, the Board of Directors approved an interim dividend of 30 cents per stock unit to be paid on May 18, 2017 a 15% increase over last year's first interim dividend of 26 cents per stock unit. Shareholders' equity increased by J\$1.8 billion over the three month period to J\$43.9 million resulting in a book value per share of J\$44.18 as at March 31, 2017. Earnings per stock unit for the quarter was J\$1.02 versus \$1.50 at the end of Q1 2016.

Revenue grew for the Food Trading segment over Q1 2016 driven by higher sales from the Jamaican foods distribution, Hi-Lo Food Stores and a healthy performance from our food businesses from Canada and the USA. However, pre-tax profit was lower than the corresponding period of 2016 due to lower margins and marketing expenses and costs associated with the expansion and renovation of the Hi-Lo Food Stores. Additionally, the depreciation of the pound sterling negatively affected Grace Foods UK's performance in Jamaican dollars.

"We had some exciting new developments in both the food and financial segments. In Foods, we are piloting Tropical Rhythms in the Pollo Tropical Fast Food restaurants in 47 stores along the East Coast of the USA and expanding our listings of Grace and LaFe products in Walmart, Winn Dixie and Publix outlets across the USA," said Don Wehby, Group CEO.

**Released by the GraceKennedy Corporate Communications Department
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Grace Foods UK negotiated a new contract with Transgourmet, Europe's second-largest cash and carry and wholesale supplies store which will expand distribution of Grace Foods products in the continent. Of note is that, for the first time, a shipment of Grace Instant Porridges and Sauces was sent to Guatemala, and a trial shipment of Grace Mackerel was sent to Haiti from Grace Foods' Latin America and Caribbean office.

The Financial Group showed increases in both revenue and pre-tax profit over the corresponding period of 2016 due to the performance of the Banking and Investments and Money Services segments. First Global Bank (FGB) saw growth in both its loan portfolio and non-interest income while GraceKennedy Money Services (GKMS) saw increased transaction volumes in the remittance business. The Insurance segment experienced an increase in revenue and a decline in pre-tax profit compared to the corresponding period of 2016. Among the new developments is GK Insurance (Eastern Caribbean) Limited's receiving approval to operate in St. Vincent and the Grenadines, Antigua and Barbuda and Grenada.

“The Group is fully engaged in delivering convenience and quality to our customers. A new FGB location at the renovated Hi-Lo Portmore store will further our integrated retail strategy, while the roll out of GK MPay and plans for Agent banking will advance our financial inclusion programme. Our teams are working on innovations which will continue to improve how we meet the needs of consumers, while putting our businesses ahead of the curve in preparing for future demands,” Mr Wehby said.

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