



News Release

GRACEKENNEDY RELEASES Q2 2017 RESULTS

- Reports Revenue of \$46.4 Billion and Net Profit of \$2.2 Billion

[KINGSTON, JAMAICA - July 27, 2017] The GraceKennedy Group has released its Second Quarter 2017 results, reporting J\$46.4 billion in revenues, an increase of \$2.3 billion or 5.1% over the corresponding period of 2016. This was driven by growth in both its Food Trading and Financial segments.

Profitability for the quarter was ahead of plan, with net profit for the period at J\$2.2 billion, representing a decrease of J\$516.4 million or 19.1% compared with the corresponding period of 2016, of which \$423.5 million was due to a non-recurring gain in 2016. As previously reported, this non-recurring gain was realised on the liquidation of some non-operating subsidiaries for the corresponding period of 2016. Without this, net profit for the current period would have been lower than the corresponding period of 2016 by 5.5%.

In speaking to the company's performance, Group CEO Don Wehby said, "We are satisfied with the profits of \$2.2 billion, which while below prior year, are ahead of plan as factors such as costs associated with expansion were taken into account in our 2017 planning process. The Group is on track for improved operating performance over prior year."

On 27th July 2017, the Board of Directors approved an interim dividend of 38 cents per stock unit to be paid on 26th September 2017, a 12% increase over the dividends paid in September 2016.

The Food Trading segment continued to experience growth in the reporting period. Included among the highlights of the period was the entering into an agreement to acquire Consumer Brands Limited, a large player in the Jamaican distribution market. The company currently distributes the Proctor and Gamble (P&G) line of products among other international brands. "Our expertise in managing top-tier brands and deep distribution channels makes this acquisition a natural fit for us," said Mr Wehby.

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**Released by the GraceKennedy Corporate Communication Department
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The Group also announced the planned opening of its sixth manufacturing plant in Jamaica. When opened, it will produce a range of conveniently portioned and packaged locally grown fruits and vegetables, including frozen produce primarily for export markets in North America and the United Kingdom.

“We are very pleased that GraceKennedy Foods (USA) LLC continues to experience growth from both the Grace and La Fe brands over the corresponding period of 2016,” said Mr Wehby. The company was recently appointed the exclusive distributor of the premier Puerto Rican coffee brand, Yaucono which is already having a positive impact on third party brand sales. The Company reported a very positive response from customers to Grace frozen patties, which are being distributed through 240 Walmart stores in Atlanta, Florida and New Jersey.

Mr. Wehby disclosed that the GraceKennedy Financial Group experienced mixed results during the period under review. GraceKennedy Money Services (GKMS), and the Banking and Investments segment reported strong growth in both revenue and pre-tax profit over prior year. GK Capital continued to generate improved revenues from its private equity portfolio. However the Insurance segment experienced a decline in both revenue and pre-tax profit over prior year. While the segment experienced significant growth in its underwriting performance, finance and investment income were lower than prior year.

In commenting on one of the Group’s main corporate social responsibility initiatives, Mr Wehby expressed satisfaction at the over J\$4 million raised from the 9th Annual GraceKennedy 5K Education Run. Proceeds from the event will go towards funding educational programmes for students in under resourced communities.

Mr Wehby thanked the Group’s shareholders, employees and customers for the continued commitment and support in working towards realizing the collective vision of becoming a successful Global Consumer Group.

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