GraceKennedy

News Release

GraceKennedy Ltd reports strong results for Q3, profits up by 56.9%

[Kingston, Jamaica; Friday, November 10, 2017] GraceKennedy Ltd's third quarter financial report was released on Thursday, November 9. The results showed positive performance in revenues, net profit and advances in three of the four business segments.

For the nine month period ending September 30, the Group achieved revenues of $69.3 billion, up by $2.6 billion over the same period in 2016. An increase of $51.4 million resulted in net profit of $3.75 billion while shareholder equity moved to $44.4 billion from $42 billion in 2016.

For the three months under review, net profit went up by $567.85 million or 56.9% to $1.56 billion.

Don Wehby, Group CEO, attributes focus and discipline in executing the Company's strategy to this quarter's results and said he anticipates a strong finish for 2017.

"We have been steadily executing our strategy and are seeing the results. We are pleased with the performance of the Group and expect to finish 2017 on a strong note. With our customers at the focus of our entire operation, innovation, convenience and new technology are shaping our view of the future and how we deliver our goods and services," he said.

The Group had several new initiatives during the quarter including the acquisition of Consumer Brands Ltd.

"We are quite optimistic about Consumer Brands and its capacity to add value to our shareholders. We have made, at the outset, a non-recurring gain of $418.5 million on the acquisition. We expect the business to continue to do well, given its knowledgeable and competent team and the Proctor and Gamble portfolio of products," Mr Wehby said.

Frank James, Group Chief Financial Officer, explained the impact of non-recurring gains on the net profit.

"In 2016 a non-recurring gain was attributable to the liquidation of non-operating subsidiaries. In 2017, we recorded $455 million in non-recurring gains due to liquidation of non-operating subsidiaries and an acquisition. Without these gains, net profit would have been higher than the corresponding period of 2016 by 0.7%. For Q3 2017, without the one-off gains, net profit for the three months ended September 2017 would have increased by 14.6% over prior year," Mr James said.

He added that: "Shareholders will receive a dividend of .45 cents per stock unit, bringing dividends year-to-date to $1.13, an 11% increase over the corresponding period."

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The Food Trading segment, which includes operations in Jamaica, Canada, the USA, the UK and Ghana continues to perform well. Some highlights include growth in the Florida and Georgia markets for GraceKennedy Foods (USA) LLC and expanded relationships with CostCo Wholesale and other retailers in Western Canada for Grace Foods Canada. While Grace Foods (UK) Ltd. experienced lower sales than projected, a bold campaign featuring Daniel Sturridge as the new brand ambassador for the food drink ***Nurishment***, is expected to have a high impact.

Grace Foods Latin America & Caribbean (GF LACA) continues to be affected by the slow recovery of corned beef sales following a ban on the sale and distribution of corned beef in several markets in March 2017. Additionally Hurricanes Irma and Maria disrupted operations on the islands of St. Maarten, British Virgin Island and Dominica. Distribution partners in those countries continue to work toward restoring normalcy to their operations.

First Global Bank (FGB) experienced growth driven mainly by net interest income and higher gains on securities sold when compared to the same period in 2016. Lower provisions against loan losses also contributed to the favourable performance as the bank continues to focus on delinquency management. FGB's new direction, includes branch expansion through FGB Money Link. Money Link will see 28 new mini branches being established in locations across the island by 2018.

The Money Services segment through GraceKennedy Money Services (GKMS) reported growth in both revenue and pre-tax profit over the corresponding period of 2016. This is due to increased transaction volumes in the remittance business most notably in Trinidad and Tobago, Cayman and Guyana.

The Insurance segment declined in both revenue and pre-tax profit when compared to the corresponding period of 2016. This outcome was influenced by reduced investment returns and increased claims activity from Caribbean territories that were affected by hurricanes in September. The potential impact of claims relating to these hurricanes is still being assessed. GK General Insurance continues to maintain a robust reinsurance programme with highly rated international reinsurers which will lessen the impact of these claims.

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