



News Release

GraceKennedy Records Historic 2019, As Revenues Surpass J\$100 Billion for the First Time in the Company's 98 Year History

Profit before other income, excluding IAS 19 expenses, up 43%

Kingston, Jamaica, February 28– In a year which saw the opening of its new Headquarters in downtown Kingston, and the company being named the recipient of the Governor General's Award by the Jamaica Stock Exchange, the GraceKennedy Group is recording yet another historic achievement. The company is reporting revenues of more than J\$100 billion for the first time in its 98 year history, three years ahead of projections for that target. All business segments recorded increased revenue and profits for 2019 compared to 2018, with revenue for the Group totaling J\$103.09 billion, an increase of J\$5.55 billion over 2018.

Profit before other income, increased by J\$598.5 million to J\$3.74 billion, a 19% increase over 2018, indicating an improved operating margin. Profit before Tax for 2019 was J\$6.13 billion, a decrease of 12% or J\$835 million over prior year, due to non-recurring gains in 2018 of J\$1.13 billion from the dissolution of a non-operating subsidiary and an acquisition by an associated company. Excluding these gains, together with the IAS 19 and IFRS 16 expenses noted above, Profit before Tax for the year 2019 would have been higher than 2018 by J\$1.42 billion or 23%.

In outlining issues which adversely impacted its performance, the company noted that in 2019, GraceKennedy Limited incurred IAS 19 post-employment benefit expenses of J\$1.22 billion, an increase of J\$890 million over the IAS 19 post-employment benefit expenses of J\$332 million in 2018. Excluding this non-cash expense, profit before other income would have shown an increase of 43%. The company was also negatively impacted by the adoption of the new accounting standard on leases, IFRS 16, as well as the volatility in the Jamaican foreign exchange market, particularly in the US Dollar exchange rate.

"We are proud of what we were able to accomplish in 2019," said GraceKennedy Group CEO, Don Wehby. He noted that the company has positioned itself for future growth with the on-going implementation of transformational, structural and process improvement initiatives, adding that the company is excited about the road ahead. "We expect 2020 to be a successful year for the company," he said.

In explaining how the company was able to achieve its 2022 target of J\$100 billion three years ahead of target, Mr Wehby attributed the success to execution of strategy, balancing continuity with change, driving agility and efficiencies, while keeping GK's customers at the center of the its strategy.

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“Our focus for 2019 was on investing in our brands and expanding market share, and deploying digital and innovative solutions for our customers. The Group continued to enhance its enterprise wide risk management and compliance processes, and drive greater operational efficiencies,” he added.

GraceKennedy Group CFO, Andrew Messado highlighted dividends totaling J\$1.54 billion or J\$1.55 per share paid in 2019, with the GraceKennedy stock price closing 9.3% over prior year, at J\$69.43.

With regard to segment performances, GK’s Food Trading segment recorded improved revenue and profitability for 2019, mainly due to the performance of its Jamaican manufacturing and distribution business. The Domestic Foods business performed exceptionally well.

With regard to the international Foods market, GraceKennedy Foods (USA) LLC’s performance showed significant improvement in gross profit, with the Grace brand showing 10% growth in revenue and a 16% growth in gross profits, and the La Fe brand reporting a 4% growth in gross profit. The company says it has already started to see positive outcomes from its US\$5 million facility in New Jersey, which it opened in October of 2019. The facility, which boasts a state of the art layout and increased automation of functions, and is fully compliant with all health and safety standards, is expected to drive increased operating efficiencies and improve staff and customer satisfaction.

Grace Foods UK reported reduced performance for 2019, with the UK being impacted by the decline in sales of its Nurishment brand. The Nurishment re-launch plans, which include a new label design for the can, a new advertising campaign and a new format Nurishment in a PET bottle, are expected to improve performance for 2020.

All units within the GraceKennedy Financial Group recorded increased revenues and profits. A key strategic driver for GK's insurance business expansion is mergers and acquisitions, and as part of this strategy the GraceKennedy Financial Group Limited made an offer to purchase the outstanding shares of Key Insurance Company Limited (Key), a general insurance company listed on the Junior Market of the Jamaica Stock Exchange (JSE). The offer closes March 2, 2020. The expectation is that Key will be an integral part of the Group moving forward.

“As we look ahead to our 100th anniversary and beyond, we remain focused on building and protecting long term value for all our stakeholders. We are grateful to our great team, shareholders and Board members for their contribution to this history-making year. We are humbled by the continued support that we have received, as we realize our mission and vision of becoming a Global Consumer Group, guided always by our core principles of Honesty, Integrity and Trust,” Mr Wehby said.

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