



**LASCO Distributors Limited
Report to the Shareholders**

The Board of Directors of LASCO Distributors Limited is pleased to present the audited results for the year ended March 31, 2020.

The company delivered solid top-line growth, invested in capital projects for the future and commenced its restructuring exercise in service of accelerating future growth throughout the 2020/21 financial year.

The company reported positive results on its revenue performance with growth of 7.5% (\$1.4B). Gross profit grew by 6.4% (\$227.5M) to close the year at \$3.8B, gross profit margins experienced a slight decline from 19.6% in 2019 to 19.4% in 2020. Net profit was \$725M, a growth of 21.4% (\$128M) when compared to prior year.

During the year, we launched our reduced sugar iCOOL beverage line in four flavours and an iCOOL flavoured water which performed quite well. We expect these innovations along with our existing products, will continue to deliver strong growth.

Selling and administration expenses, inclusive of marketing and promotional activities incurred during the year totaled \$3.1B, an increase of 3% (\$94M) compared to last year. The increase is mainly attributable to the impact of foreign exchange losses, restructuring expenses and legal fees associated with ongoing matters relating to the Pfizer case. We continue to invest in our route to market build out to manage our expanding business.

Total assets at the year end were \$9.2B compared to \$8.6B in the previous year. Non-current assets stood at \$2.3B, an increase of 15% (\$299M) over prior year. This increase was as a result of warehouse infrastructure and equipment. Inventories decreased by 3.7% (\$92M) over prior year to close at \$2.4B. Trade receivables increased by 10.7% (\$221M) compared to prior year, to close at \$2.3B due to continued drive to reach more customers who are benefitting from flexible credit terms. Trade payables increased by 17% (\$455M) to close at \$3.1B.

Cash and short-term Investments, taken together, closed the year at \$1.5B compared to \$1.5B for the prior year.

An interim dividend of \$0.043 per share, totaling \$150.8M was paid to shareholders on July 18, 2019. Shareholder's equity at the year end was \$5.7B and the annualized return on equity was 12.7% compared to 11.5% in prior year. Basic earnings per stock unit closed at 21.32 cents and 17.51 cents in the prior year.

LASCO continues to lead the way in recognizing our public workers for their hard work and dedication to building a better Jamaica. We believe that the continued increased investment in supporting the development of Jamaica for all Jamaicans. In July 2019, Keisha Riley-Harrow of the Spanish Town Hospital, received the Nurse of the year and Tacquise Campbell was awarded Student Nurse of the year at the part sponsorship annual awards ceremony. In May 2019, Woman Constable Samantha Brown-Thompson of the St, Catherine North Division was honoured as LASCO/JCF Police officer of the year.

The year under review was not without challenges as the COVID 19 pandemic has been affecting the country since March 2020. As the virus spread throughout the country, there was the lockdown of St. Catherine and island-wide curfews. These factors affected the business operations as there were restrictions on the company's opening hours as well as our customers within the parish. Depending on the duration and severity of the pandemic, we anticipate that the revenue performance of the business will be negatively impacted in the period to come.

The Board of Directors remains confident of management's dedication and commitment in maintaining LASCO performance despite the ongoing global crisis. On behalf of the Board, we would like to thank all our customers, shareholders, and team members for their continued invaluable support during the year.



James E.D. Rawle
Director