



News Release

GraceKennedy Q1 Profit Before Tax Up 50% Over Prior Year Period

Revenues Up 11.3% or \$2.93 Billion over Prior Year Period

Kingston, Jamaica, May 14 – While classifying the first quarter of this year as a period of great uncertainty, the GraceKennedy Group is announcing that results for the period have been the highest in recent times. For the three months ended March 31, 2020, the Group achieved revenues of J\$28.85 billion, an 11.3% increase or J\$2.93 billion over the corresponding period of 2019. Profit before tax for the period was J\$1.99 billion, a 50.6% increase over the corresponding period of 2019. Net profit after tax for the period was J\$1.45 billion, an increase of 42.8% or J\$435 million over the prior year period, while net profit attributable to stockholders was J\$1.32 billion, 46.9% or J\$421 million higher. Profit before other income was J\$1.28 billion, 44.7% or J\$396 million higher than that of 2019 corresponding period, indicating an improved operating margin. Earnings per stock unit for the period was J\$1.33.

Group CFO Andrew Messado, announced a dividend of \$0.25 per share or approximately J\$248 million payable on June 15, 2020.

While highlighting the company's financial performance, GraceKennedy Group CEO, Don Wehby spoke to the company's focus on its corporate social responsibility over the last couple of months, in light of the COVID-19 pandemic. "Our financial performance is important, but so is GK's 'we care' ethos. There is great need as a result of this pandemic, and where we can, we have been playing our part in assisting in the countries and communities in which GK operates," he said.

In Jamaica, contributions have included a donation of J\$10M towards the Private Sector Organization of Jamaica's initiative to purchase ventilators for the island's hospitals, and the provision of a 3D printer from our STEM Centre to assist with the production of face shields for the protection of our nation's healthcare workers. Through the GraceKennedy Foundation's "Feed the Future Initiative", the Group has also been providing food packages to students who have not been able to leave the University of the West Indies, Mona and the University of Technology campuses. The Group, and its Grace and Staff Foundation have also increased its support of those in under-resourced communities with the provision of food products and toiletries. We are committed to continuing our support for our communities.

**Released by the GraceKennedy Corporate Communication Department
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GK's overseas subsidiaries are also providing support to their local communities. Grace Foods Canada has donated cases of Grace Coconut Water to first responders and front line health care providers. In the USA, displaced hospital workers have been given meals and products by the Grace Foods team, while in Belize and UK, products have been donated to the Belize Mental Health Association, the Brixton Soup Kitchen, and The National Health Service.

In terms of the company's financial performance for the quarter, Mr Wehby acknowledged that while GraceKennedy and other companies will be heavily impacted by the impact of COVID-19, "GraceKennedy, being a diversified group, has so far been able to manage the impact of the system wide risk of the Covid-19 pandemic on our Group's performance. As we navigate this period of great uncertainty we continue to adjust our structure to be nimble and agile." He added that GraceKennedy's status as a provider of essential services (manufacturing, distribution, and retailing of food products, and remittance, banking and other financial services) has enabled the Group to keep its operations open.

The Domestic Foods distribution business has experienced growth in both revenue and pre-tax profits, coupled with improved margins. Hi-Lo Foods Stores reported improved performance, while there was improvement in the growth and volumes of Catherine's Peak Spring Water. GraceKennedy was also pleased to note its support of local farmers during this time of great difficulty for them, building on their relationship with the Jamaican farming community, and delivering on a commitment made to the Ministry of Agriculture to assist the industry.

GraceKennedy Foods (USA) LLC, Grace Foods UK and Grace Foods Canada all reported increased revenue for the three month period, when compared to the corresponding period of 2019.

For the Financial Services Division, First Global Bank (FGB) experienced strong growth in its loan and deposit portfolios, while the Insurance segment reported an increase in revenue, and strong operating performance. In March, GraceKennedy completed its acquisition of 65% of the issued shares of Key Insurance Company Limited, as a strategic driver for growth. The Money Services segment reported an increase in both revenue and pre-tax profit, seeing an increase of over 100% in the use of its digital remittance channels. To further expand its digital capabilities, GraceKennedy Money Services (GKMS) began the implementation of an Electronic Registration system for Jamaica, Guyana and Trinidad, and significantly advanced the implementation of the Bill Express Online service for Trinidad.

The Group advised that its Annual General Meeting (AGM) on May 27 will not be held in the usual manner, as shareholders will not have access to attend physically, given the restrictions placed on public gatherings in January. This decision was taken in the interest of health and safety and to comply with the Government's orders. Shareholders are encouraged to complete and submit their proxy forms to vote on the various resolutions, as well as send in any questions they would like answered at the meeting which will be streamed live via the internet. GraceKennedy says it looks forward to hosting shareholders in person at the next AGM, provided it is safe to do so.

“It is a very challenging time for GK, but I am proud to say that our great team has pulled even more closely together to face the challenge head on. I thank them for their commitment and hard work, in the true spirit of ‘we care’. Despite the uncertainties that exist, we are confident that we will emerge, stronger together, from this crisis. We would like to take this opportunity to thank all our stakeholders for their continued support as we navigate this journey, guided by our core principles of Honesty, Integrity and Trust. We wish everyone the best, and encourage all to take the necessary precautions to keep themselves and their families safe,” Mr Wehby said.

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