

# Chairman's Report



On behalf of the board of directors, I am pleased to report the unaudited financial results for the third quarter ended December 31, 2020.

## KEY RESULTS

<b>10%</b> growth	<b>In revenue at \$4.004b</b> (Q3 2019: \$3.638b)
<b>48%</b> increase	<b>In Pre-tax Profit at \$1.389b</b> (Q3 2019: \$939m)
<b>41%</b> increase	<b>In Shareholders' Equity at \$1.988b</b> (Q3 2019: \$1.407b)

For the quarter ended, December 2020, Carreras Limited recorded a 10% growth in revenues, delivering \$4.004 billion compared to the same quarter last year, and, achieved pre-tax profit for the quarter of \$1.389 billion, a 48% increase versus the same quarter last year (SPLY). This Q3 performance is building upon the recovery uptick, which commenced in Q2 post the initial impact of the COVID-19 pandemic on the supply chain. This success is the result of the efforts of a devoted team. The Company's Q3 performance went a long way in reducing the 1% decline in the year-to-date (YTD) operating revenue of \$10.159 billion, relative to the same period last year. Our YTD pre-tax profit delivered \$3.481 billion, which represents a 6.3% increase versus the same period last year. As a result of tight fiscal management, the YTD shareholders' equity was \$1.988 billion, a 41% increase versus the same period last year.

We continue to maintain focus in how we maximise the investments made in our business with appropriate management of our cost base. Consequently, there was a 20% reduction in administrative, distribution and marketing expenses, which totalled \$1.501 billion (2019: \$1.876 billion) for the nine-month period ended December 31, 2020 compared to the prior year. The Company was able to capitalise on benefits in the route-to-market distribution network through significant decreases in related party costs as well as the reinforcement of performance initiatives employed by management. These combined initiatives steered our momentum in the right direction, as we remain committed to investing in our most valuable assets: our people and our brand portfolio.

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In the current pandemic, the health, safety, and job security of our employees is of paramount importance. The company continues to maintain adherence to a full suite of safety protocols for our front-line team as they transact business on the company's behalf. Opportunities are also being explored daily to expand and to boost our personnel complement as we fully appreciate our role in nation-building and the reliable provision of employment to a percentage of the Jamaican workforce.

Additionally, the support given to the legal market by the Government of Jamaica, particularly the Ministry of Finance and the Public Service, in the execution of its sustainable excise strategy has produced notable growth at the expense of the rampant illicit trade, whose activities rob the Treasury of Jamaica of much-needed tax revenue. While cigarette contraband continues to be available on the market, the carefully measured efforts of the government has given traction to the globally proven idea that drastic excise increases and draconian regulation are the main enablers of smuggling and black market operations. This is of timely consideration given the upcoming budget debate in parliament, and the draft tobacco control legislation currently on the table.

As we focus on the future, we anticipate continued delivery of solid results based on our strong performance and track record thus far. We remain undaunted in fulfilling the agreed mandate of our shareholders to deliver value in a responsible and sustainable manner. We are bolstered by the passion and drive of our team, and the rewarding partnerships we have nurtured with the 10,000 outlets that sell our products. Once the external environment continues to facilitate our development, Carreras' outlook and potential remains bright.

Stockholders, I am also pleased to report that our board of directors has approved an ordinary interim dividend payment of \$0.21 per stock unit, totalling \$1.019 billion, to be paid out of accumulated profits on March 18, 2021 to shareholders as shown on the Register of Members as at March 1, 2021. This is in line with our dividend policy and demonstrates the company's continuing objective of enhancing shareholder value.



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**ON BEHALF OF THE BOARD**

Raoul Glynn  
Managing Director