

# BERGER

BERGER PAINTS JAMAICA LIMITED

## UNAUDITED NINE MONTHS FINANCIAL RESULTS

FOR PERIOD ENDED SEPTEMBER 30, 2021



# BERGER



BERGER PAINTS JAMAICA LIMITED

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**DIRECTORS' STATEMENT**  
**UNAUDITED Q3 FINANCIAL**  
**STATEMENTS - DIRECTORS' STATEMENT**

**276%**  
INCREASE IN  
PROFIT BEFORE TAX



**\$695.6m**  
3RD QUARTER  
REVENUE

**Financial Performance**

Berger Paints Jamaica Limited (BPJL) recorded revenue of \$695.6M for the quarter ending September 30, 2021. This represents a 21% increase over the corresponding quarter in 2020 and is indicative of the market's continued confidence in the Berger brand, and the response to our rebranding focus.

The local market and global economy remain unpredictable, due to the rippling effects of the COVID-19 pandemic, and BPJL has been significantly impacted due to the present supply chain challenges being encountered worldwide. This has resulted in increased costs for Raw Materials/Consumables. Throughout 2021, this remained a constant threat as BPJL continued to grapple with frequent and significant Raw Material price increases and supply issues. Coupled with the increase in sales, Costs of Goods sold for Quarter 3 (Q3) 2021 totaled \$337M, an increase of \$73M or 28% above the \$264M recorded in the comparative prior quarter.

Manufacturing and Operating Expenses for the quarter totaled \$354.3M or 36% above the \$260M for the corresponding quarter last year. To support 2021's revenue growth, we have improved and increased our production output. Q3 2021 saw a 5% increase in production over the corresponding quarter and incurred additional costs in manufacturing expenses.

Other Operating Expense variances over Q3 2020 are mainly attributed to the investment in our re-branding and marketing programme, significant reversals to Accounts Receivables and Inventory Provisions achieved in 2020. In

addition, increased foreign exchange volatility has been further heightened by the pandemic challenges.

With the increase in production, and continued investment geared to driving revenue growth, all while balancing the impact of the global challenges thus far, BPJL recorded Profit Before Tax (PBT) of \$36.7M for the quarter, 36% below, the PBT of \$57.6M recorded for the corresponding period in 2020. However, despite the impact of Operating Expenses on the third quarter in 2021, BPJL's performance continues to trend positively and for the nine months ending September 30, 2021, have delivered \$46.9M in PBT or 276% higher than the -\$26.6M for the corresponding period in 2020.


A strong Statement of Financial Position supports our growth agenda and BPJL remains liquid with a healthy cash balance of \$122M as at the end of the reporting quarter.

**Outlook**

2021 continues to be a challenging year. However, the BPJL team remains focused and committed to improving delivery of its products and services. Our BOLDLY BERGER campaign continues to instill colour and excitement in the market and as we approach our peak period, we look forward to working with all stakeholders and serving the needs of all our customers.

We extend our thanks to you our shareholders for your continued confidence and express a heartfelt thank you to our employees and valued customers for their ongoing support.

On behalf of the Board



Adam N. Sabga  
Chairman

**BERGER PAINTS JAMAICA LIMITED**  
**UNAUDITED STATEMENT OF FINANCIAL POSITION**  
AS AT SEPTEMBER 30 2021

	<u>September 30,</u> <u>2021</u> <u>\$'000</u>	<u>(Unaudited)</u> <u>September 30,</u> <u>2020</u> <u>\$'000</u>	<u>(Audited)</u> <u>December 31</u> <u>2020</u> <u>\$'000</u>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant & equipment	268,481	275,863	286,813
Post employment benefits	177,116	151,158	175,095
Right-of-use asset	53,910	22,164	63,866
Deferred tax assets	7,575	8,562	7,575
<b>Total non-current assets</b>	<u>507,082</u>	<u>457,747</u>	<u>533,349</u>
<b>Current Assets</b>			
Inventories	1,652,965	508,895	445,714
Due from fellow subsidiaries	14,445	55,144	22,222
Trade and other receivables	485,406	443,113	575,007
Income tax recoverable	29,455	53,668	38,705
Cash and bank balances	122,176	305,677	210,804
<b>Total Current Assets</b>	<u>2,304,447</u>	<u>1,366,497</u>	<u>1,292,452</u>
<b>Total Assets</b>	<u>2,811,530</u>	<u>1,824,244</u>	<u>1,825,801</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity</b>			
Share capital	141,793	141,793	141,793
Revaluation reserve	45,745	45,595	45,745
Revenue reserve	992,853	901,068	962,182
	<u>1,180,391</u>	<u>1,088,456</u>	<u>1,149,720</u>
<b>Non-current Liabilities</b>			
Post employment benefits	145,117	159,922	138,271
Lease liabilities	44,151	3,654	53,771
	<u>189,269</u>	<u>163,576</u>	<u>192,042</u>
<b>Current Liabilities</b>			
Due to immediate parent company	208,965	126,029	147,754
Due to fellow subsidiaries	339,778	368,778	102,318
Dividends payable	13,593	13,809	13,775
Provisions	14,783	9,573	11,692
Lease liabilities	15,004	14,994	11,065
Trade and other payables	849,747	39,029	197,435
	<u>1,441,870</u>	<u>572,212</u>	<u>484,039</u>
<b>Total Equity and Liabilities</b>	<u>2,811,530</u>	<u>1,824,244</u>	<u>1,825,801</u>

Approved by:

**Adam Sabga**  
Chairman



**Hon. Michael Fennell**  
Director



## BERGER PAINTS JAMAICA LIMITED

### UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED SEPTEMBER 30 2021

	<b>QUARTER ENDED</b>	<b>QUARTER ENDED</b>	<b>SIX MONTHS ENDED</b>	<b>SIX MONTHS ENDED</b>	<b>Audited YEAR ENDED</b>
	<b>September 30</b>	<b>September 30</b>	<b>September 30</b>	<b>September 30</b>	<b>December 31</b>
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from contracts with customers	695,585	574,369	1,958,827	1,494,368	2,371,281
Raw materials and consumable used	(469,787)	(275,824)	(1,206,989)	(685,432)	(1,091,421)
Changes in inventories of finished goods and work in progress (net)	132,656	11,775	279,500	(20,093)	(127,036)
Manufacturing expenses	(10,440)	(6,137)	(37,758)	(57,224)	(55,747)
Depreciation	(18,701)	(19,949)	(54,740)	(44,970)	(65,711)
Employee benefits expense	(136,441)	(125,476)	(422,035)	(394,189)	(511,614)
Other operating expenses	(188,693)	(108,377)	(533,606)	(326,790)	(527,993)
Other income	32,532	7,236	63,702	7,702	20,034
<b>PROFIT BEFORE TAXATION</b>	<b>36,710</b>	<b>57,617</b>	<b>46,900</b>	<b>(26,628)</b>	<b>11,793</b>
Taxation	(9,178)	(14,755)	(9,283)	6,255	(148)
<b>NET PROFIT</b>	<b>27,533</b>	<b>42,862</b>	<b>37,617</b>	<b>(20,373)</b>	<b>11,645</b>
Other Comprehensive Income					
Other comprehensive income net of tax	-	-	-	-	29,246
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>27,533</b>	<b>42,862</b>	<b>37,617</b>	<b>(20,373)</b>	<b>40,891</b>
Earnings per stock unit	\$0.13	\$0.20	\$0.18	(\$0.10)	\$0.05

**BERGER PAINTS JAMAICA LIMITED**  
**UNAUDITED STATEMENT OF CHANGES IN**  
**STOCKHOLDERS' EQUITY**  
AS AT SEPTEMBER 30 2021

	<u>Share Capital</u>	<u>Revaluation reserve</u>	<u>Revenue Reserve - Profit &amp; Loss Account</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at January 1, 2021</b>	<b>141,793</b>	<b>45,745</b>	<b>962,182</b>	<b>1,149,720</b>
Prior Year adjustment*	-	-	(6,946)	(6,946)
Net profit for nine months	-	-	37,617	37,617
Total comprehensive income for the period	-	-	37,617	37,617
<b>Balance at September 30 2021</b>	<b>141,793</b>	<b>45,745</b>	<b>992,853</b>	<b>1,180,391</b>
<b>Balance at January 1, 2020</b>	<b>141,793</b>	<b>45,595</b>	<b>921,441</b>	<b>1,108,829</b>
Net loss for six months	-	-	(20,373)	(20,373)
Total comprehensive loss for the period	-	-	(20,373)	(20,373)
<b>Balance at September 30, 2020</b>	<b>141,793</b>	<b>45,595</b>	<b>901,068</b>	<b>1,088,456</b>

\* Prior year adjustment relates to a change in the Group's Inventory provisioning policies.

## BERGER PAINTS JAMAICA LIMITED

# UNAUDITED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30 2021

	<u>Unaudited</u> <u>September 30</u> <u>2021</u> <u>\$'000</u>	<u>Unaudited</u> <u>September 30</u> <u>2020</u> <u>\$'000</u>	<u>Audited</u> <u>December 31</u> <u>2020</u> <u>\$'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Profit /(Loss)	37,617	(20,373)	11,645
<i>Adjustments for:</i>			
Depreciation	44,760	37,330	52,961
Depreciation on right of use assets	9,980	7,640	12,750
Interest expense on lease liabilities	7,367	812	3,728
Unrealised foreign exchange gains (net)	(2,845)	15,785	(33,924)
Provision charge	(13,993)	550	3,475
Post retirement benefit charge	6,846	13,693	19,462
(Reversal)/Expected credit loss on trade receivables (net)	(3,244)	(27,179)	(25,014)
Income tax (credit) / expense	9,283	(6,255)	148
Prior Year Adjustment	(6,946)		
Gain on sale of property, plant & equipment	-	(801)	(801)
Operating cash flows before movements in working capital:	88,826	21,202	44,430
Decrease in trade and other receivables	92,845	152,498	18,439
(Increase)/Decrease in inventories	(1,193,258)	129,805	192,986
Increase/(Decrease) in trade and other payables	652,312	(264,099)	(105,693)
Increase/(Decrease) in due to fellow subsidiaries	245,237	(298,243)	(531,781)
Provisions utilised	3,091	(8,437)	(9,243)
Increase in due to immediate parent company	61,211	79,301	101,026
Post employment benefits contribution	(2,021)	(1,635)	(14,198)
<b>Cash (used) / generated from operations</b>	<b>(51,757)</b>	<b>(189,608)</b>	<b>(304,034)</b>
Interest paid	(7,367)	(812)	(3,728)
Income tax paid	(33)	-	-
<b>Net Cash flows from operating activities</b>	<b>(59,158)</b>	<b>(190,420)</b>	<b>(307,762)</b>
<b>Investment Activities</b>			
Acquisition of property, plant & equipment	(26,453)	(62,025)	(88,606)
Proceeds on sale of property, plant & equipment	-	802	801
<b>Net cash flows used in investment activities</b>	<b>(26,453)</b>	<b>(61,223)</b>	<b>(87,805)</b>
<b>Financing Activities</b>			
Dividends paid	(182)	-	(34)
Lease liabilities payments	(5,680)	(11,593)	(12,217)
<b>Net cash flows used in financing activities</b>	<b>(5,862)</b>	<b>(11,593)</b>	<b>(12,251)</b>
<b>NET DECREASE IN CASH AND BANK BALANCES</b>	<b>(91,473)</b>	<b>(263,236)</b>	<b>(407,818)</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>210,804</b>	<b>584,698</b>	<b>584,698</b>
<b>Effect of foreign exchange rate changes</b>	<b>2,845</b>	<b>(15,785)</b>	<b>33,924</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>122,176</b>	<b>305,677</b>	<b>210,804</b>



## BERGER PAINTS JAMAICA LIMITED

### NOTES TO UNAUDITED FINANCIAL RESULTS

NINE MONTHS ENDED SEPTEMBER 30, 2021

#### 1. Basis of preparation

The unaudited financial results for the nine-month period ended September 30, 2021 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

#### 2. Significant accounting policies

These unaudited results have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The same accounting policies, presentation and methods of computation have been followed in these unaudited financial results as were applied in the preparation of the company's audited financial statements for the year ended December 31, 2020.

#### 3. Related party transactions

The company carried out transactions in the ordinary course of business during the period with its affiliates. Balances at the period end were:

	<u>Amount owed by/(to) Related Parties</u>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Immediate parent</b>		
Ansa Coatings International	(207,430)	(126,029)
<b>Fellow subsidiaries</b>		
Berger Paints Barbados	431	593
Ansa Coatings Limited	(9,440)	(62,712)
Sissons Paints	(1)	-
Ansa Mcal Chemicals	3,583	25
Ansa Mcal Limited	201	(72)
Richmond Motors	51	-
Ansa Polymer	2	(10)
Ansa Technoligies Ltd	4	5,241
Ansa Chemicals Jamaica Limited	3,101	-
Ansa Merchant Bank	(2)	122
Ansa Mcal (Us) Inc.	(312,909)	(218,417)



#### **4. Issued share capital**

There were no movements in the issued capital of the company in either the current or the prior interim reporting periods.

#### **5. Earnings per stock unit**

The calculation of the earnings per stock unit is based on the profit after tax and the number of stock units in issue during the period of 214,322,393.

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## BERGER PAINTS JAMAICA LIMITED

### TOP 10, MANAGEMENT AND DIRECTORS' SHAREHOLDINGS

30 SEPTEMBER 2021

#### TOP TEN (10) LARGEST SHAREHOLDERS

SHAREHOLDERS	SHAREHOLDING	% OF ISSUED CAPITAL
ANSA COATINGS INTERNATIONAL LIMITED	116,023,364	54.13
SAGICOR POOLED EQUITY FUND	22,284,944	10.40
IDEAL GROUP CORPORATION LIMITED	10,988,500	5.13
IDEAL PORTFOLIO SERVICES COMPANY LIMITED	5,039,341	2.35
IDEAL BETTING COMPANY LIMITED	4,624,152	2.16
IDEAL GLOBAL INVESTMENTS LIMITED	4,020,000	1.88
GUARDIAN LIFE LTD - GUARDIAN EQUITY FUND	2,750,000	1.28
FIRST JAM./H.E.A.R.T/NTA PENSION SCHEME	2,433,500	1.14
GUARDIAN LIFE LIMITED/PENSION FUND	1,899,999	0.89
KARL P WRIGHT	1,856,391	0.87
<b>TOTAL</b>	<b>171,920,191</b>	<b>80.22</b>

#### SHAREHOLDINGS OF DIRECTORS AND THEIR CONNECTED PARTIES

DIRECTORS	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Adam Sabga (Chairman)	NIL		
Michael Fennell	NIL	Kathleen Peggy Fennell	NIL
Andy Mahadeo	NIL	Denise Gayah-Mahadeo	NIL
Craig La Croix	NIL	Lisa La Croix	NIL
Milton Samuda	NIL	Elizabeth Samuda	NIL
Jacqueline Sharp	NIL	Jason Sharp	NIL
Ray A. Sumairsingh	NIL	Charmaine Sumairsingh	NIL
<b>TOTAL</b>	<b>0</b>		<b>0</b>

#### SHAREHOLDINGS OF SENIOR MANAGEMENT AND THEIR CONNECTED PARTIES

SENIOR MANAGEMENT	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
Newton Abrahams	NIL	Sharmaine Abrahams	NIL
Shashi Mahase	NIL	Renee Boucaud Mahase	NIL
Dwight Johnson**	NIL	Sandra Jackson	NIL
Sophia Johnson**	NIL		
Peta-Gaye Levene-Thomas	NIL	Damali Thomas	NIL
Gladys Miller	NIL	Wendell Miller	NIL
Robert Polack	NIL	Michele Polack	NIL
Jacqueline Warren-Wilson	3,799		
<b>TOTAL</b>	<b>3,799</b>		<b>0</b>

- Notes:**
- Effective 3 September 2021, Huron Gordon resigned as Company Secretary.
  - Effective 7 June 2021, Dwight Jackson was appointed as Warehouse and Distribution Manager
  - Effective 15 June 2021, Sophia Johnson was appointed as HR Manager
  - Effective 3 September 2021, Shashi Mahase was appointed as Company Secretary

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[www.bergerpaintscaribbean.com](http://www.bergerpaintscaribbean.com)



Together, we are  
*Family*