

# CHAIRMAN'S REPORT

On behalf of the Board of Directors, I am pleased to report the unaudited financial results for the SECOND QUARTER ended September 30, 2021.

## KEY PERFORMANCE RESULTS



Carreras Limited recorded significant growth in operating revenue of J\$7.19 billion for Q2 2021 which resulted in a 17% increase when compared to Q2 2020. This was mainly attributable to the 18.5% increase in volumes achieved for the quarter when compared to SPLY. Profit before other income for the second quarter of 2021 was J\$1.82 billion, 7.1% or J\$122 million higher than the second quarter of 2020, representing additional gains in our operating margin. Our overheads remained relatively flat totaling J\$999 million compared to J\$993 million in the corresponding period in 2020 which is a 1% or J\$6 million increase. Net profit for the period was J\$1.90 billion, which was a 22% increase compared to J\$1.5 billion in 2020. Earnings per stock unit for the period was 39.2 cents (2020: 32.2 cents). Carreras Limited reported a solid capital base that showed significant growth with total shareholders' equity of \$2.0 billion at the end of September 30, 2021 compared to \$1.7 billion for the prior period in 2020.

The Company continues to be committed to the fight against the spread of the COVID-19 and to ensuring that we deliver our goods to our customers in the safest way. Our main priority is the protection of our people's health and employment. All safety measures are being enforced, and protocols adhered to. Carreras continues to provide full employment and benefits to all team members and will continue to do this as we seek to efficiently manage our resources.

The Company is committed to achieving a first world modernized portfolio through its continued transformation of its brands. Our beloved Craven "A" got a facelift with a bold and modern reimaging of the pack as well as Matterhorn with its "new look of freshness". They continue to perform incredibly well within the marketplace and continue to be the leading sought-after brand. We continue to push our Route to Market itinerary for 2021

which includes but is not limited to increasing our carrying capacity and improving efficiency. Enhanced security measures as well as increased product availability are also major areas of focus. Although activations were dramatically scaled down, creative and safe ways were found to bring the brands to our consumers during this unprecedented time. This was highly appreciated by our consumers and trading partners who appreciated the commercial input during this period. The Company has also launched a digital platform which allows us to engage with our consumers in a safe space created for our adult smokers.

The illicit trade continues to permeate our trading environment and the company has employed other strategic initiatives to counter the effect from these activities. One such initiative is the redesign of our route to market which allows us to be present in some areas with a high presence as well as to bring awareness of the issues to a greater audience. The multi-industry approach to tackle the illicit trade have been adopted by the company. This approach seeks to drive awareness, advocate for stricter border controls and legislative changes for imposition of stricter penalties and sanctions. We commend the efforts and support of the Jamaica Customs Agency and the Jamaica Constabulary Force, specifically, the Counter-Terrorism and Organized Crime Investigation Branch (C-TOC) for their commitment to the fight against the illicit trade.

The Minister of Health tabled for consideration in Parliament, the Tobacco Control Act (Bill) in 2020. The company is working assiduously to ensure that the regulations are balanced, practical and fair. We are also committed to supporting and complying with such regulations set out for governing our marketing and distribution of our products.



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**ON BEHALF OF THE BOARD**  
Raoul Glynn  
Managing Director