

BERGER PAINTS JAMAICA LIMITED
2022 AUDITED FINANCIAL STATEMENTS
DIRECTORS' STATEMENT

Financial Performance

Berger Paints Jamaica Limited (BPJL) recorded a strong sales performance in 2022 with revenues of \$3,296M. This is an increase of \$188M or 6% over prior year 2021. However, despite the increase in revenue it was not able to absorb the significantly higher costs of raw material and shipping costs, and this negatively impacted gross profit margins in 2022. A price adjustment was made in April 2022, however, with rising inflation rates and contracting disposable income, the consumer pull in the market suffered throughout 2022. Considering these factors, along with the competitive environment and sensitivity of market conditions, it was decided to not pass on the full extent of these higher input costs to the market thereby providing some relief to our loyal customers.

In addition, production volumes decreased by 8.5% from 2021 driven by supply and logistics issues and delays in the commissioning of new filling equipment. The new equipment is expected to be commissioned in Quarter 1, 2023 and will improve operational efficiencies and volumes produced.

Manufacturing and Operating expenses for 2022 totaled \$1,422M compared with \$1,341M for 2021, an increase of \$82M or 6%. This increase in operating expenses resulted mainly from provisions for aged inventory, which are expected to be reversed during 2023 as the raw materials are consumed. This was driven by higher levels of raw material purchases to avoid stock outs due to supply chain challenges and adjustments to Fixed Asset Register based on review of useful life of equipment.

The results of these adjustments were that the profits recorded by BPJL were marginal compared to 2021. BPJL recorded Profit Before Tax (PBT) of \$0.036M for 2022, compared to \$160M recorded in 2021. Despite the breakeven position for 2022, we are confident that the strong Statement of our Financial Position and cash balances recorded in the Balance Sheet will support our growth agenda for 2023.

Outlook

We continue to manage the present-day risks and challenges to the business and remain optimistic as the economy continues to show signs of recovery and we stand ready to support our stakeholders. Our focus remains on delivery of our long-term strategies to meet our growth objectives.

On behalf of the Board of Directors and Management of Berger Paints Jamaica Limited, a heartfelt thank you to our loyal customers, dedicated staff, suppliers, and all other stakeholders for your ongoing and continued support.

On behalf of the Board


Adam N. Sabga
Chairman