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Featured Stock: JAMT

Jamaican Teas Limited (JAMT): Opening price — \$3.70
Price to Book — 2.04 times; P/E — 12.79 times

Jamaican Teas Limited is a local manufacturing company that has been in operations since 1967. The Company has since ventured into the real estate and retail industry and has expanded its manufacturing operations. The business manufactures several teas under the Tetley Teas and Caribbean Dreams brands while the real estate arm currently has housing developments in St. Thomas with sales completed on a majority of units.

Jamaican Teas Limited (JAMT) reported a 14% increase in revenues to total \$1.77 billion (2017: \$1.55 billion). Cost of sales increased by 17% to \$1.43 billion (2017: \$1.22 billion). As a result, gross profit grew 2% to \$337.61 million (2017: \$330.16 million). Other income increased slightly by 2% to \$106.17 million versus \$104.42 million in the prior year. Administrative expenses increased by 3% to \$180.73 million for the year ended September 2018 relative to \$175.14 million for the same period of 2017. Sales and Marketing costs went up by 14% totaling \$42.31 million (2017: \$37 million). Net profit for the year contracted 1% to \$193.26 million relative to \$196.13 million recorded twelve months earlier. Profit for the fourth quarter rose 33% to close at \$60.68 million (2017: \$45.47 million). JAMT stated that, "Net profit for the year is lower than the prior year primarily due to the non-recurrence of the \$29 million gain on the acquisition of KIW reported last year but not repeated this year."

Management noted that, "Inventories and receivables have been reduced over the last 12 months due to the winding down of the Orchid Estates development and the conversion of KIW's 138 Spanish Town Road property from a current asset held for sale to cash which has subsequently been reinvested in quoted equities."

JAMT (as at Friday January 25, 2019) was trading at 2.04 times its book value with a P/E of 12.79 times.

Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.

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