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Featured Stock: SALF

Salada Foods Jamaica Ltd. (SALF),
Opening price — \$26.44 Price to book — 2.90 times;
P/E — 16.17 times

This week's stock pick is Salada Foods Jamaica Ltd. (SALF), incorporated and domiciled in Jamaica. Its principal activity is the manufacture and sale of instant coffee and roasted and ground coffee beans and other consumer products.

Salada Foods Jamaica Limited (SALF), for the quarter ended December 31, 2019, experienced a 67% increase in turnover to \$288.46 million (2018: \$172.34 million), attributed to "increased sales in both domestic and export markets," as per Management. Cost of sales for the period rose by 61% to close the quarter at \$223.18 million (2018: \$138.33 million) resulting in a 92% increase in gross profit to total \$65.28 million (2018: \$34.01 million). The Company noted, "Increased manufacturing costs attributed to the use of Jamaica Blue Mountain green beans coupled with increased factory maintenance charges in the quarter drove cost of sales upwards reducing profitability." Net profit totalled \$5.42 million for the period, relative to a net loss of \$23.08 million reported in 2018. SALF noted that "The outlook to year end remains favourable with the strengthening of our marketing efforts both domestic and overseas markets."

Notably, SALF has advised that the Board of Directors will consider a stock split at its Board Meeting on March 19, 2020.

Additionally, SALF (as at Friday, February 21, 2020) was trading at 2.90 times its book value with a P/E of 16.17 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.

Sales Inquiries
managedequity@mayberryinv.com

General & Sales Inquiries
(876) 929 1908-9

(876) 929-1501

mayberryinvja

facebook.com/mayberryinvja