



Salada Foods Jamaica Limited (SALF)

For the six months ended March 31, 2017:

- Salada Foods, recorded a 31% increase in turnover for the quarter to \$209.10 million (2016: \$159.49 million). Salada Foods' turnover increased by 16% to \$404.38 million for the six months ended March 2017 compared to \$348.12 million booked in the previous year. The company noted that "Top line growth was attributed to improved sales through our local distributor and sales of products manufactured under contract". The company also stated that their Jamaican Mountain Peak brand improved growth by 12.8% over the period due to marketing and brand awareness initiatives. The company also stated that "New marketing initiatives implemented to improve product sales in export markets specifically, in New York have been yielding positive results and we anticipate this trend to continue".
- Cost of sale for the period increased by 15% to close at \$259.92 million relative to \$226.01 million for the same period last year. According to the company, "this improvement was primarily driven by manufacturing efficiencies."
- As such, Gross profit for the six months and second quarter improved 18% and 29% to \$144.46 million and \$81.67 million respectively.
- Other operating loss for the period was \$2.11 million, compared to operating loss of \$1.97 million for the same period last year. Administrative expenses declined by 3% to \$61.01 million (2016: \$62.76 million). This was due to halting of the vertical integration initiative undertaken in 2014 due to losses as the crop (ginger) was affected by disease. Selling and promotional expense rose 21% from \$22.80 million in 2016 to \$27.55 million.



- Consequently, this resulted in an operating profit of \$53.79 million, this compares with the profit of \$34.57 million that was reported for the comparative period the year prior. Net finance income for the period increased by 77% to \$7.68 million compared to \$4.34 million for the same period a year ago.
- Net profit before taxation stood at \$61.47 million this compares with the pre-tax profit of \$38.91 million booked for the period ended March 31, 2016.
- Net Profit for the quarter increased by 77% closing the quarter at \$27.61 million relative to \$15.56 million reported the corresponding quarter of 2016. Net Profit for the six months ended March 31, 2017 the period was \$44.91 million versus a Net Profit of \$29.04 million booked for the year prior.
- Net profit attributable to stockholders totalled \$46.45 million for the six months ended March 31, 2017 compared to \$30.85 million recorded the year prior. Profit attributable to shareholders for the second quarter increased 82% to \$28.32 million, this compares to \$15.55 million reported in 2016.
- Earnings per stock unit for the six months amounted to \$0.45 (2016: \$0.30), while the EPS for the quarter amounted to \$0.27 (2016: \$0.15). The twelve month trailing EPS is \$0.86. The number of shares used in our calculations is 103,883,290.

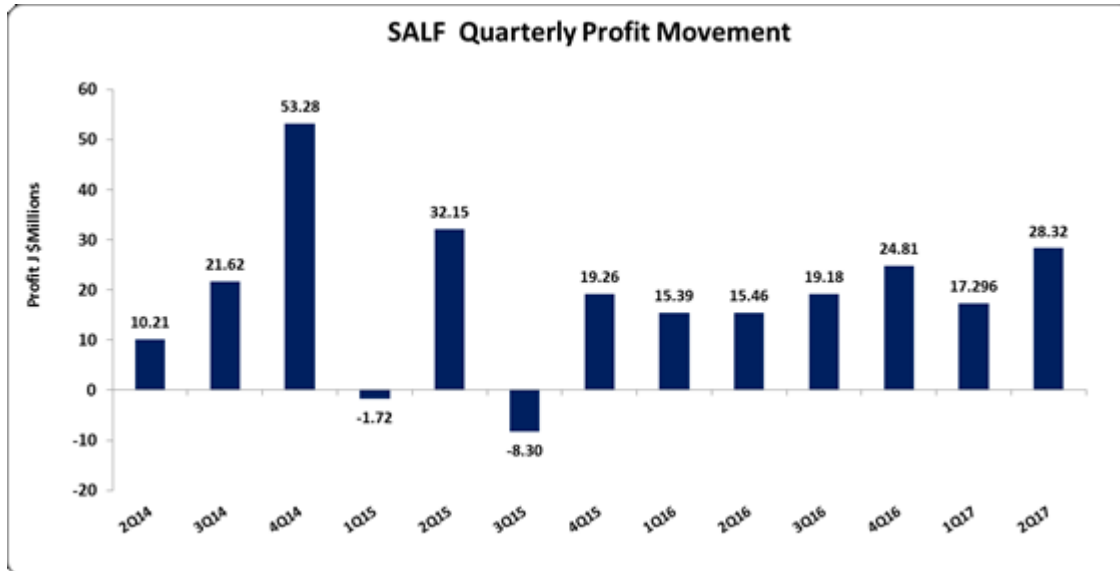
Balance Sheet at a Glance:

- As at March 31, 2016, total assets rose by 9% or \$74.81 million to \$915.29 million. This increase was primarily driven investments recorded of \$49.63 million during the period as none was reported for the same period last year. The company also recorded significant increase in cash and cash equivalents. Cash and cash equivalents moved from \$61.18 million as at March 31, 2016 to \$148.94 million as at March 31, 2017. SALF posted a reduction in inventory moving from \$309.25 in 2016 to



\$254.65 million during the current period. The company highlighted that their, “focus on inventory reduction will see further reduction by the end of the financial year.”

- Shareholders’ equity totalled \$776.94 million (2016: \$730.37 million), resulting in a book value per share of \$7.47 (2016: \$7.03).





Disclaimer:

Analyst Certification -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

Company Disclosure -The information contained herein has been obtained from sources believed to be reliable, however its accuracy and completeness cannot be guaranteed. You are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. Mayberry may effect transactions or have positions in securities mentioned herein. In addition, employees of Mayberry may have positions and effect transactions in the securities mentioned herein.