



1985 - 2016

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CELEBRATING 31 YEARS

Featured Stock: GK

GraceKennedy Limited (GK);
Opening price — \$41.85 Price to book — 0.96 times;
P/E — 11.38 times

This week's stock pick is GraceKennedy Limited (GK) one of the Caribbean's largest food and finance group. The group originated in Jamaica in 1922 and has operations in the Caribbean, North and Central America, the United Kingdom and Africa.

Revenue totalled \$23.69 billion for first quarter ended March 31, 2017 (2016: \$22.13 billion), a year over year increase of 7%. The biggest contributor to the group's overall revenue for the first quarter was income from the 'Food Trading' segment which contributed a total of \$18.82 billion (2016: \$17.82 billion), an increase of 6% relative to the prior year's corresponding period. Total Expenses amounted to \$22.77 billion relative to \$21.12 billion booked for the comparable period in 2016, a 8% growth. Other Income declined 54% to total \$456.52 million (FY2016: \$991.60 million). GK indicated, "included in other income for the prior year is a gain on the disposal of investments of \$606.47 million." Share of results of associated companies increased by 3% amounting to \$259.20 million, compared to \$251.07 million reported for March 2016. Net Profits attributable to shareholders amounted to \$1.01 billion compared to \$1.49 billion a year earlier, showing a 32% decline.

In July 2017, the group announced that its subsidiary GK Foods and Services Ltd. will be opening its sixth manufacturing plant in Jamaica next year. The group also announced that it has agreed to acquire 100 per cent ownership of Consumer Brands Limited, a major player in the distribution market. The acquisition is expected to be finalized before the end of third quarter 2017. Additionally, GK (as at Friday July 21, 2017) was trading at 0.96 times its book value with a P/E of 11.38 times.

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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.