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Featured Stock: SALF

Salada Foods Jamaica Ltd. (SALF),
Opening price — \$11.20 Price to book — 1.50 times;
P/E — 14.82 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. Effective February 1, 2017, the company outsourced the distribution of its core products in local market to its subsidiary, Mountain Peak Food Processors Limited.

Salada Foods, recorded a 17% increase in turnover for the quarter to \$227.76 million (2017: \$195.27 million). Cost of sales for the year increased by 8% to close the quarter at \$143.29 million relative to \$132.49 million in 2017. As such, gross profit for the quarter amounted \$84.47 million, a 35% increase year over year from the \$62.79 million booked in 2016. Administrative expenses rose by 10% to \$32.39 million (2017: \$29.34 million). Selling and promotional expense fell 12% from \$13.57 million in 2016 to \$11.91 million. SALF noted that the increase in expenses was "attributable to administration costs for professional fees." Consequently, this resulted in an operating profit of \$41.60 million up by 101%, this compares with the \$20.73 million reported for the corresponding quarter for prior year. Net profit before taxation increased by 50% to \$35.86 million in 2018. Net profit for the quarter rose by 55% to \$26.77 million in 2018 relative to \$17.29 million in 2016.

SALF recently launched a new line of product, Mountain Bliss 876, which is intended to attract a younger demography of coffee consumers. According to the firm, mountain bliss product line will employ freeze dry technology, a process that will result in a more refined finished product.

Additionally, SALF (as at Friday May 4, 2018) was trading at 1.50 times its book value with a P/E of 14.82 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.