



MAYBERRY
INVESTMENTS LIMITED

1985 - 2018

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Featured Stock: SEP

Seprod Limited (SEP) Opening price — \$50.55
Price to Book — 2.45 times; P/E — 38.99 times

Seprod Limited, one of Jamaica's leading food manufacturers, has produced some of Jamaica's most iconic brands such as Serge Island Milk, Monster Milk, Butterkist Biscuits, Snackables, Pronto Cereal, Chiffon Margarine, Miracle products among others.

Seprod Limited (SEP)'s revenue was boosted by 69% for the nine months ended September 30, 2019 totalling \$24.80 billion compared to \$14.70 billion booked in 2018. Cost of sales also climbed year over year by 61%, from \$9.79 billion in 2018 to \$15.77 billion in 2019. As such, gross profit rose by 84% to total \$9.02 billion relative to the \$4.91 billion in 2018. Operating Profit grew 11%, moving from \$1.99 billion in 2018 to \$2.21 billion to close the nine months period of 2019. Seprod reported net profit of \$1.16 billion, a decline of 6% relative to last year's corresponding period of \$1.24 billion, after incurring taxes of \$223.81 million (2018: \$327.66 million). Net Profit attributable to shareholders amounted to \$895.08 million, a year over year decline from the \$1.13 billion recorded a year earlier.

Management noted that, "on 15 July 2019, management executed on its previously communicated decision to close the sugar factory and, in so doing, curtail the ten (10) years of operational losses from sugar manufacturing. This move will positively impact the Group's return on equity and its cashflows in the future. The losses from this discontinued operation for the nine (9) months ended 30 September 2019 amounted to J\$455 million (J\$275 million for the corresponding period in 2018)."

SEP (as at Friday November 29, 2019) was trading at 2.45 times its book value with a P/E of 38.99 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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