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Featured Stock: SALF

Salada Foods Jamaica Ltd. (SALF),
Opening price – \$26.64 Price to book – 2.92 times;
P/E – 16.29 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), 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). Administrative expenses decreased by 12% to 31.40 million, which led to an operating profit of \$18.75 million. Management note, "profitability continues to be impacted by the JACRA cess on green beans, of which \$20.71 million was absorbed into production for the quarter." Profit before taxation amounted to \$7.23 million for the first quarter ended December 31, 2019. Net profit totaled \$5.42 million for the period, relative to net loss of \$23.08 million reported in 2018.

The Company noted, "increased manufacturing costs attributed to the use of Jamaica Blue Mountain green beans coupled with increased factory maintenances charges in the quarter drove cost of sales upwards reducing profitability."

Additionally, SALF (as at Friday, April 24, 2020) was trading at 2.92 times its book value with a P/E of 16.29 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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