



CFF

Caribbean Flavours & Fragrances Limited (CFF);

Opening price— \$1.17

Price to book— 1.60 times;

P/E— 11.11 times

Week to Date: -14.60% 

Month to Date: -18.18% 

Quarter to Date: -13.33% 

Year to Date: -35.71% 

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.

Caribbean Flavours & Fragrances Limited is a premier manufacturer and distributor of quality flavours and fragrances to a number of well established companies across the Caribbean, mainly for beverage, baking, confectionary and ice cream manufacturers.

Caribbean Flavours and Fragrances Limited (CFF) for the nine months ended September 30, 2023, reported a 19% increase in Revenue totalling \$668.27 million compared to \$561.94 million in the corresponding period last year. Revenue for the third quarter had a 17% increase to close at \$236.19 million compared to \$202.08 million for the comparable quarter of 2022. Cost of Sales amounted to \$438.27 million (2022: \$388.56 million). Consequently, gross profit increased by 33% to \$230.00 million compared to \$173.38 million for the nine months ended September 30, 2022. The company booked gross profit of \$86.15 million for the third quarter versus \$57.59 million reported for the similar quarter of 2022. Administrative Expenses increased by 23% to close at \$132.26 million (2022: \$107.75 million), while Selling & Distribution costs increased by 19% from \$3.34 million in 2022 to \$3.99 million in the period under review. As a result, total expenses for the nine months ended September 30, 2023 amounted to \$136.25 million, a 23% increase relative to \$111.09 million reported in 2022. Higher utility and security costs as well as a significant increase in general insurance were the main factors driving the company's total expenses. Operating profit for the nine months ended September 30, 2023, amounted to \$93.76 million, a 51% increase relative to \$62.29 million reported in 2022. Operating profit for the third quarter amounted to \$36.77 million (2022: \$12.65 million). Finance Income totalled \$12.28 million, a 133% increase from the corresponding period last year. (2022: \$5.27 million). Pre-tax Profit for the nine months ended September 30, 2023, amounted to \$106.03 million, a 57% increase relative to \$67.56 million reported in 2022. Pre-tax Profit for the third quarter amounted to \$37.82 million (2022: \$16.80 million). Taxation for the nine months ended September 30, 2023 had a 69% increase to reach \$13.50 million (2022: \$8.00 million). As such, Net Profit for the nine months amounted to \$92.53 million, a 55% increase from the \$59.56 million reported in 2022. For the third quarter, Net Profit was \$31.82 million (2022: \$14.80 million). Consequently, Earnings Per Share for the nine months amounted to \$0.10 (2022: EPS: \$0.07), while Earnings Per Share for the quarter totalled \$0.04 (2022: EPS: \$0.02).

CFF highlighted, "This substantial improvement arose from increased orders in our flavours segment with special orders being the key growth segments during the quarter. Our expanded product range for bakeries was our key highlight of the third quarter as we gained new customers both locally and internationally who have requested products to integrate into their product lines".

CFF (as at Friday November 24, 2023) was trading at 1.60 times its book value with a P/E of 11.11 times.