January 2021

Derrimon Trading Limited (the Company, DTL or Derrimon)

Company Profile

DERRIMON TRADING CO. LTD.

BUY

Derrimon Trading Company Limited (DTL), domiciled in Jamaica, was founded and incorporated 1998. The main activities of the Company include wholesale (Sampars Cash & Carry) and bulk distribution of household and food items, including meat products and chilled and ambient beverages; and the retailing of those and other food and meat products through its chain of outlets and supermarkets. DTL has two subsidiaries, one involved in manufacturing flavours and fragrances and the other in wooden pallets. The company together with its subsidiaries are referred to as the "Group". Its shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on December 17, 2013.

DTL Subsidiaries and Joint Partnerships

- **Caribbean Flavours and Fragrances (CFF) – DTL** holds 62.02% of the issued share capital.
- **Woodcats International – DTL** holds 100% of the issued share capital.
- **Select Grocers Supermarket** – joint venture arrangement where DTL holds 60%.

DTL's Recent Activity

- **9-Months - Sept. 30, 2020 -** DTLS's revenues, grew by **0.9%** to a record **J$9.6 billion** for the nine months ended September 30, 2020 when compared to similar period last year. Net profit attributable to shareholders rose by **27%** to **J$258.6 million**
- **12 Months – Dec 31,2019 –** DTLS's revenues, grew by **36%** to a record **J$12.6 billion** for the 12-months ended December 31, 2020 when compared to similar period last year. Net profit rose by **16.7%** to **J$290.7 billion.**

Key Features:

APO Offer Price	$ 2.40
Target Price	$ 3.21
Implied Upside	33.75%
52 Week High	$ 3.10
52 Week Low	$ 1.40
YTD Gain/Loss	-7.34%
Current P/E (x)	17.96x

*as of December 31, 2020

Fair Value: J$3.21

Potential Upside: 33.75%

DTL APO – Use of Proceeds – J$3.5B

- Reduction of Indebtedness
  J$1,200,000,000.00
- Potential Acquisition of Businesses in the United States
  J$1,110,000,000.00
- Expansion of Retail Location in Clarendon, Jamaica
  J$500,000,000.00
- Working Capital Support
  J$284,750,000.00
- Transaction Costs
  J$205,250,000.00
- Expansion of Delect Brand and Product Lines
  J$200,000,000.00

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Invitation Details

Derrimon Trading Limited (DTL) is inviting offers for the subscription of up to **1,498,698,931** in New Ordinary Shares, with the ability to upsize by at maximum an additional **301,301,069** new ordinary shares. The new ordinary shares allotted to each investor pool and subscription price per new ordinary share for each investor pool is as follows; 'Existing shareholders or 'Derrimon team member' (reserved) at an offer price of **J$2.20**; 'Key investors'(reserved) at **$2.40**; 'Lead Broker's Clients' (reserved) at **$2.40**; and 'General Public' (non-reserved) at **$2.40**. The Company is seeking to raise at least **J$3.5 billion**.

Summary of the Terms of the Offer				
Issuer	Derrimon Trading Company Limited			
Arranger and Lead Broker	Barita Investments Limited			
Invitation:	Up to 1,498,698,931 in New Ordinary Shares			
Option Upsize:	301,301,069 New Ordinary Shares			
Offer Opens	9:00 a.m. on January 6, 2021			
Closing Date	4:30 p.m. on January 26, 2021, subject to early closing once fully subscribed			
	Existing Shareholders or Derrimon Team Member Reserved Shares	Key Investors Reserved Shares	Lead Broker's Clients Reserved Shares	Non-Reserved
Price	**J$2.20**	**J$2.40**	**J$2.40**	**J$2.40**
Share Allotment	484,387,164 Reserved	378,427,472 Reserved	151,370,989 Reserved	484,513,306 Non-Reserved
Use of Proceeds	The Company will use the proceeds for two (2) main purposes. (1) The first is to facilitate growth and the second is to reduce indebtedness. In respect of growth, the Company has identified two (2) potential acquisitions in the United States of America. If those potential acquisitions are consummated, Derrimon is likely to realise significant synergies from vertical integration of those businesses with its existing business lines. In the event the Company is not able to arrive at a definitive agreement for the acquisition of one or the other of these potential acquisitions, the Company is still reasonably confident of completing a transaction(s) in the same industry within the next six (6) months			
Minimum Share Offering	Each Application for New Ordinary Shares must be for a minimum of 1,000 New Ordinary Shares and amounts above this shall be in multiples of 100 New Ordinary Shares.			

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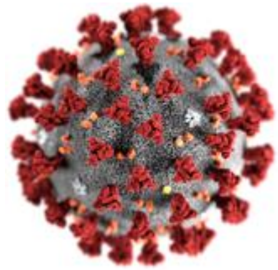
Impact of COVID-19 on DTL



The unprecedented spread of COVID-19 has created a global health crisis. Its spread around the world has negatively impacted demand, business activity and employment especially in non-essential sectors. Global lockdowns in response to the virus have resulted in economic turmoil only comparable to the Great Depression in the 1930s. Even though economies have gradually emerged from the severe lockdowns imposed between late March and early June 2020, unemployment rates remain at historical high levels in many economies. Financial market assets have largely rebounded since hitting their lows in the first quarter, helped by the massive stimulus packages launched by governments globally and the "restart" of those economies.

The unprecedented fiscal and monetary stimulus packages have acted as a buffer to augment losses in business and household incomes as well as provide help for businesses whose cash flows have been disrupted. The S&P 500 index which fell to **2,237.40** points on March 23, 2020, a decline of over **30.0%** from the start of the year, experienced a turnaround as it closed December 31, 2020, at **3,756.07** points, up by almost **16.26%** year to date. Credit spreads which widened aggressively in March 2020, when the spread between US 10-year Treasury and US High Yield Corporates[1] spiked to **10.88%**, have cooled and was at approximately **3.27%** on December 31, 2020. Also, although Oil has lost over **20%** year to date, the West Texas Intermediate (WTI) and Brent Crude at **US$ 48.41** and **US$ 51.80** respectively at the close of December 31, 2020, represent a remarkable turnaround from when the WTI hit negative territory in April 2020.

However, as the number of COVID-19 cases continues to increase globally, many economies are re-imposing lockdowns measures. While the increase in positive cases may be because of increased testing, given that many countries never had the capacity to carry out such tests in the first part of the year, it does not take away from the fact that countries are generally facing an uptick in cases which may lead to increase hospitalization and deaths. The initial post-lockdown recovery in consumption was strong in many developed economies globally, but with the enhanced unemployment benefits expiring in the US and ongoing physical distancing restrictions still weighing on services spending in the US and elsewhere, consumption growth appears to be losing momentum. Unsurprisingly, most economies are projected to contract in 2020. According to the International Monetary Fund (IMF), the global economy will contract by **4.4%** in 2020. Developed economies are expected to see a contraction of around **5.0%** while emerging markets and developing economies are projected to see a smaller contraction of **3.3%**, helped by the fact that China is projected to grow at **1.9%** in 2020. In Latin America and the Caribbean, most countries are struggling to contain infections. The two largest economies, Brazil

[1] Bloomberg – BarCap US Corp High Yield – 10 Yr. Treasury Spread

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and Mexico, are projected to contract by **5.8%** and **9.0%** respectively, in 2020. For Jamaica, the IMF projects that it is likely to contract by **8.6%** in 2020.

Admittedly, the news about the efficacy of the vaccines which became available for the most at risk individuals in some parts of the developed world is welcomed and gives us hope that as we go into 2021 the worst part of the virus could be behind us. However, this is dependent on the timing, production and distribution of the vaccine. Global growth is projected to start the recovery process in 2021 with growth in that year projected at **5.2%**, according to IMF. Social distancing is projected to continue into 2021, although it is expected to gradually fade over time as the vaccines are distributed wider across the world.

Impact of COVID-19 on DTL and Strategies

The social distancing measures implemented by the government to contain the spread of COVID-19, especially during the March to June period, led DTL and its subsidiaries to reducing their opening hours. The presence of COVID-19 is likely to continue to limit DTL business activity over the medium term given the uncertainty that exists, especially surrounding the timeliness of the vaccine production and distribution as well as on the continued strain on personal income.

Although DTL primarily operates in the space where it provides consumer staples which are essential to daily life, the impact from the closure of schools, entertainment sector and commerce in general has negatively impacted the sales of the beverage portfolio over the nine months period ending September 2020. However, during the period there was continued growth in the bulk goods, cold storage and other dry categories.

To mitigate as best as possible against the challenges due to the COVID-19, DTL implemented its robust disaster recovery plan and other initiatives to meet its customers' needs as well as to remain sustainable. The social distancing restrictions implemented led to a demand for service delivery through new channels such as online and delivery services. Consequently, through its Sampars online platform, DTL saw a significant increase via this channel. Customer deliveries were done by the Company's own fleet of vehicles, Tara Couriers and also taxis and rental car agencies. The Company also introduced a WhatsApp-based service coupled with curb side delivery at its main outlets. It is anticipated that over time more consumers will likely use its digital service channels for purchases and DTL has indicated their readiness to provide this service as local consumer behaviour evolves.

The effects of the coronavirus continues to evolve and is likely to impact DTL's growth prospects given that more and more companies are signalling their intent to facilitate their staff working from home permanently and schools have not yet been open for face to face instruction. In the immediate future the ongoing COVID-19 containment measures might impact distributive trades to the extent that further measures are implemented and/or there is more curtailment in economic activity; and there could be negative implications for household consumption given that unemployment could

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become more severe. However, the relatively low and stable inflation should support distribution and wholesale trades, including Derrimon's portfolio of products.

Notwithstanding the ongoing challenges, DTL plans to pursue the following strategies:

- Improve its Logistics Management (enhancing warehouse capabilities and logistics);
- Grow its Supply Chain;
- Implement a technology platform (focusing primarily on optimizing Retail and Distribution Management), which will ultimately enhance its client relationship management;
- Expand the Retail and Distribution Channels to include a modern full-service, one-stop shopping experience and the development of a wider Delect product offering focused primarily on consumables; and
- Modernise its pallet business.

Given that COVID-19 has led to a decline in the price of many assets, opportunities arose for investors to acquire good assets at relatively low prices. Consequently, DTL is assessing two (2) potential acquisitions in the United States of America. If Derrimon can complete these two acquisitions, they will likely realise significant synergies from vertical integration of those businesses with its existing business lines. If they are unable to complete these transactions, DTL has indicated that they are reasonably confident that they will complete a transaction(s) in the same industry within the next six (6) months.

Corporate Governance

The board comprises seven (7) members; three (3) Executive Directors, including the Executive Chairman and four (4) Non-Executive Directors. Approximately 57% of the Board of Directors are independent[2]. In theory, independent directors will not be subject to pressure, and therefore are more likely to act in the shareholders' interests when those interests run counter to those of entrenched management.

[2] https://www.cfainstitute.org/en/advocacy/issues/board-independence

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The Board has two committees. The members of each committee of the Board are as follows:

Audit Committee	Human Resources and Compensation Committee
Earl Anthony Richards, C.D. (Independent Chairman)	Alexander I.E. Williams (Independent Chairman)
Paul Buchanan Jr. (Independent Director)	Monique Cotterell (Executive Director)
Ian Kelly (Executive Director)	Winston Thomas (Independent Director)

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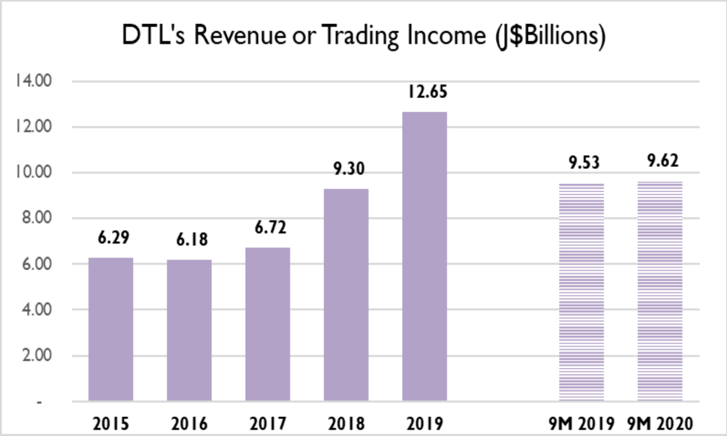
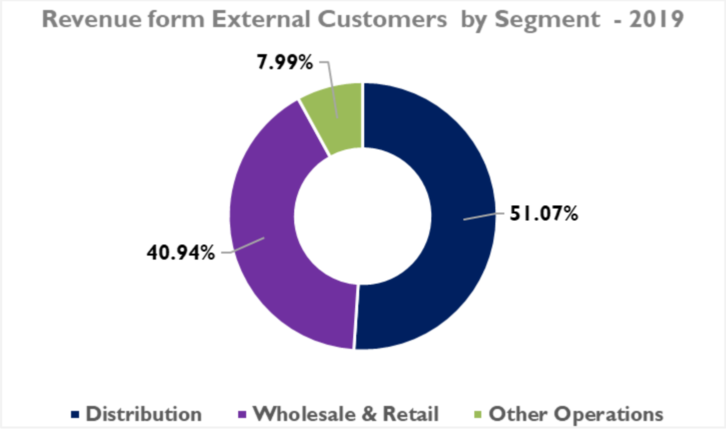
Summary of Financial Analysis

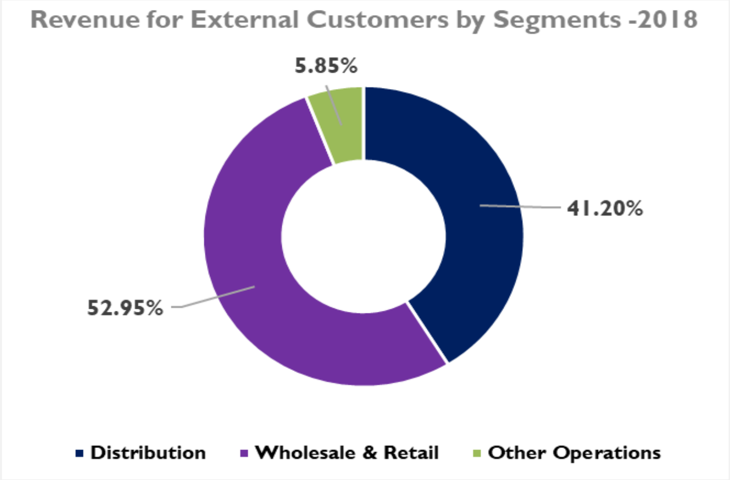
Revenue & Profitability

Over the last five years (2015 to 2019) DTL has delivered strong results. Over the period, DTL's revenue grew by a compound annual growth rate (CAGR) of almost **20%** to reach approximately **J$12.65 billion**in 2019.



For the financial year ending 2019, total revenues grew by **36%** year over year to record **J$12.65 billion**. During 2019, the segment 'distribution' was the largest contributor to revenue growth accounting for **51.07%** or **$6.46 billion** of the total revenues and growing by **68.53%** year over year. The growth recorded in its distribution segment largely resulted from the fact that 2019 marked the first full year distribution of the SM Jahleel and Company Limited portfolio products (Busta, Chubby, Kool Kidz, Fruta, Viva, Turbo) as well as continued positive consumer reaction to other local and regional portfolios such as NV VSH Foods (Golden Brand) and CIC Industries NV (Sun Powder Detergent). The 'wholesale and retail' segment was the second largest contributor accounting for **40.94%** of the total revenue. Revenues grew by **5.12%** year over year to **J$5.18 billion** for the 'wholesale and retail' segment due to improvement of the retail business in all areas from Sampars Cash and Carry, Supermarkets and Select Grocers. The segment 'other operations' accounted for **7.99%** of the total revenues and reported revenue growth of **85.7%** to **J$1.01 billion** when compared to the similar period last year. This year over year growth was largely attributable to the fact that 2019 was the first full year Woodcats International operated as a subsidiary having been acquired in September 2018.





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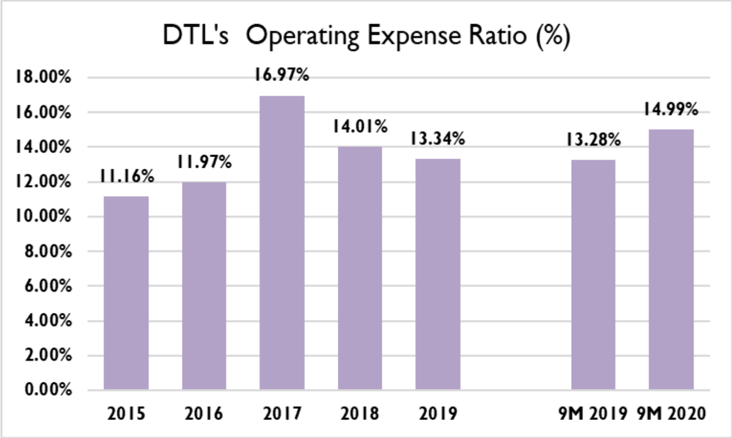
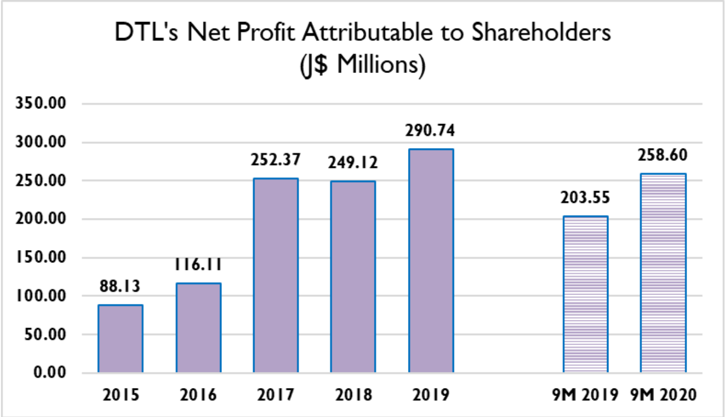
For the 9-Month period ending September 2020, DTL generated revenues of **J$9.6 billion** which was slightly higher than the **J$9.5 billion** recorded for the similar period of last year. The marginal movement in revenue was limited by the impact of COVID-19 and its social distancing measures implemented. Distribution was affected by the closure of schools, entertainment sector and commerce in general which negatively impacted the sales of DTL's beverage portfolio. However, this was offset by continued growth in bulk goods, cold storage and other dry categories. Cost of Goods during the period declined by **1.2%** when compared to the similar period last year, due primarily to a combination of factors which includes improvement in the procurement and logistics process as well as a focus on higher yielding products.



Unsurprisingly, DTL's growth and expansion in 2019 also led to increased expenses. Year-over-year DTL's total operating expenses incresed by **29.5%** due to increased commissions paid to the sales team; increase levels of bad debt provisions and increased trucking and delivery charges primarily driven by the beverage business and Sampars Cash and Carry. Notwithsatnding, the increase in expenses, DTL has exercised good expense control. Consequently, for the year ended 2019 its operating expense ratio declined to **13.34%** and below the five year average of **13.14%.** As DTL adjusted its operations, to deal with the new realities brought on by COVID-19, operating expenses ratio climb to **14.99%** in the 9-Month period ending September 2020 and higher than amount posted in the similar period in 2019.



The knock-on effect of DTL's strong revenue expansion and good cost control over the period is that net profits have trended upwards and reached its record of **J$290.74 million** at the end of 2019. Additionally, despite the negative impact of COVID-19, the DTL's operations have remained resilient for the 9-months ended September 30, 2020 as evidenced by the strong profit outturn when compared to the similar period in 2019. There was however increased operating expenses during the period, due to increased rental expenses in relation to new Distribution Centre; salaries and wages; higher cost for utilities which were impacted by the depreciation of the Jamaican dollar and other operational costs driven by the new sanitation regime given the requirements of the COVID-19 pandemic.

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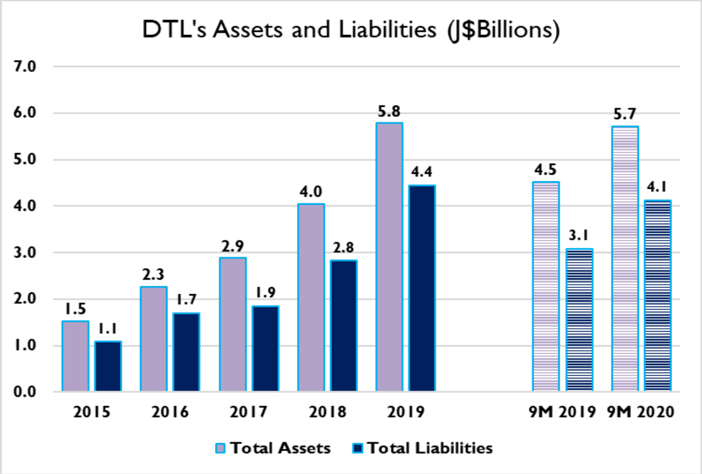
On the other hand, finance costs declined by **8.4%** due to the realignment of debt portfolio from short term to long term amortized facilities, the switching from US Dollar loans to Jamaican Dollar facilities and (3) the re-negotiation of interest rates. In light of this, the company's net profit attributable to shareholders increased by **27%** to **J$258.60M million**

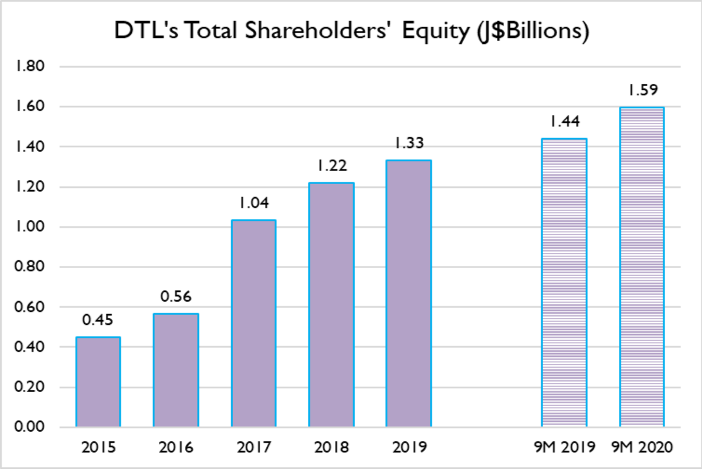
DTL's Balance Sheet

Over the last five-year balance sheet has grown rapidly. At the end of the 2019 financial year the company's assets stood at **J$5.8 billion** having expanded by a CAGR of **39.5%.** Over the years, DTL has skilfully used debt to finance its growth and expansion and as a result its liabilities have seen tremendous growth moving by a CAGR of **42.5%** up to the end of 2019.



Between 2018 and 2019, total liabilities increased by **J$1.6 billion** as the company raised funds through debt for the refinancing of the full cost associated with the purchase of Woodcats International Limited; (b) the replacement of a United States Dollar short term facility with a medium term (lower interest cost) Jamaican Dollar facility; (c) working capital lines; and (d) loans utilized for the roll out of the new technology platform and for the renovation and upgrade of some of the Sampars stores. DTL's liabilities were also impacted by an increase of over **J$1.0 billion** in lease liability due to the change in IFRS 16[3] in 2019.

DTL equity stood at **J$1.59 billion** at the end of the 9-Month period ending September 2020 having grown by over **J$1.0 billion** since the end of 2015. With the increased equity base, DTL now has the increased capacity to withstand shocks to its operation which is particularly important given the context of COVID-19.



[3] IFRS 16 abolishes the distinction between an operating lease and a finance lease in the financial statements of lessees. Lessees will recognise a right of use asset and an associated liability at the inception of the lease. .IFRS 16 requires that the 'right of use asset' and the lease liability should initially be measured at the present value of the minimum lease payments. The discount rate used to determine present value should be the rate of interest implicit in the lease.

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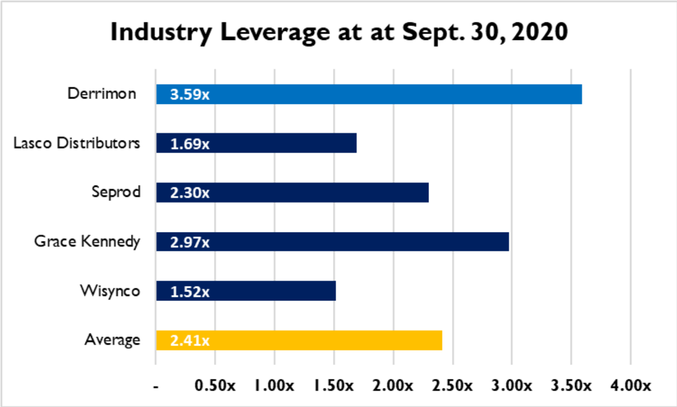
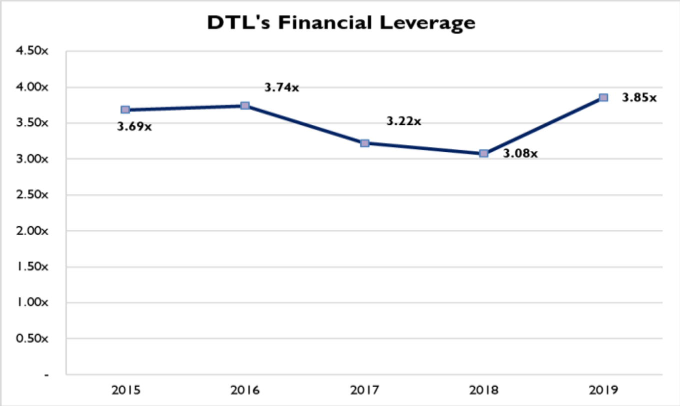
Solvency

DTL has maintained relatively high leverage ratios compared to its peers over the last years. As at September 30, 2020 DTL's leverage ratio (Asset/Equity) was **3.59x** or almost 1 ½ that of the industry's average.



The Company leverage has remained above **3.0x** over the review period as it has utilized borrowings as the principal means of financing its growth and expansion. Due to its skilful use of debt financing to drive growth and profitability, its Return on Equity (ROE) over the period 2015 to 2019 has averaged approximately **25.7%** annually. Additionally, despite its high use of debt to finance its growth, its capacity to handle its debt has generally improved with its interest coverage ratio climbing from **1.88x** in 2015 to **2.65x** at the end of 2019.



Derrimon will be using part of the proceeds from this APO to pay down a significant portion (**J$1.2 billion**) of debt outstanding and is expected to result in its capital structure move from **67%** debt and **33%** equity to a capital structure comprising **71%** equity and **29%** debt. However, it is expected that as DTL grows, it is likely that its capital structure will continue to change and move closer to the industry average.

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POSITIVES	RISKS/NEGATIVES
Diversified business operations: Currently, DTL's revenues are predominantly generated in Jamaica. With its two pending acquisitions, close to **30%** of the company's revenues will be generated from the US market, improving its diversification. In addition to decreasing its exposure to Jamaica, its US operations will provide the opportunity to generate income in a hard currency and build brand recognition outside of Jamaica.	**Weak Macroeconomic Environment -** Jamaica's economy is projected to have contracted in 2020 and remains fragile due to the adverse effects of measures used to combat the spread of the COVID-19 virus. In this environment companies will find it more challenging to grow revenues and profits. However, the COVID-19 pandemic is not expected to be a permanent phenomenon and according to the IMF, Jamaica is expected to return to growth in 2021. Additionally, the acquisitions being pursued in the US will provide significant exposure to the company to operate in a developed economy. Currently, vaccines are being distributed in the US and based on its efficacy, the US economy could recover faster in 2021.
Strong/Defensive Products: Majority of the products DTL produces/distributes are consumer staples and fast-moving consumer goods. These include food, beverages and fragrances primarily for household and general cleaning and sanitation purpose. Typically, these goods are bought by consumers regardless of the changes in their income and therefore make these products less sensitive to economic shocks.	**Leverage Risk:** DTL Group has used borrowings as a primary means of financing its growth. As a result, its leverage is higher than its industry peers and would be considered riskier. However, Derrimon intends to use part of the proceeds of this APO to paydown its debt which will see it move to a capital structure of **70%** equity and **30%** debt.
Strong Distribution Network: - Derrimon operations is vertically integrated whereby it is able to manufacture and distribute through its own channels such as Sampars and its Select grocers retail outlets. Over the last 20 years DTL has proven it expertise in distribution and this has translated into the rapid expansion of profits for shareholders over the period. Additionally, in recognition of it strength, Nestle, SM Jahleel and others now uses DTL to distribute its range of products in the Jamaican marketplace.	**Competitive Environment:** – DTL operates in a very competitive environment with many entrenched players and consequently margins are generally very thin. Over years however DTL has acquired manufacturing companies and have improved its margins over time. For example, its gross profit and net profit margins which were **13.24%** and **1.40%** in 2015 were at **18.02%** and **2.29%** in 2019.

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Valuation and Analysis

The estimated fair value of DTL's stock was computed by averaging the results of a discounted cash flow valuation (Free Cash Flow to Equity - FCFE) and a market-based valuation (Price to Earnings) method.

FCFE is the cash flow available to the common shareholders after all operating expenses and other expenses relating to its debt obligations have been satisfied as well as investment in working and fixed capital have been considered. Over the next three years Derrimon is expected to generate improved Free Cash Flows led by it pending acquisitions and improved operational efficiencies from the expected vertical integration. DTL's required return on equity was estimated at **13.77%** and its sustainable growth rate is **3.00%**[4]. Based on these, the company's one-year fair value was estimated at **J$2.94** with the FCFE method.

The principle behind using price multiples to value a stock is that we need to evaluate stocks price in relation to what it buys in terms of earning, assets or some other measure of value. In this case, we used the P/E multiple to value Derrimon's stock as differences in P/E may be related to differences in long run average return[5].The Company's forward earning for FY 2021 was estimated **J$0.81B** or EPS of **J$0.19**. With an industry average[6] P/E of **18.15x**, the fair value of the stock was estimated at **J$3.48**.

To arrive at the fair value price for Derrimon's share we averaged the results of both methods and arrived at a value of **J$3.21.** This fair value price indicates that the share being offered in this APO is undervalued and are being offered at a discount of **25.2%** to the offer price **J$2.40**[7]

[4] DTL is projected to reach its sustainable growth phase in 2024.

[5] Block (1999) documented a belief among AIMR members that low P/E stocks tend to outperform the market.

[6] Industry includes Grace Kennedy, Seprod, Lasco Distributors and Wisynco

[7] J$2.40 subscription price for Key Investors, lead broker's clients and Non-reserved share applicants

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Analyst Opinion

Derrimon is vertically integrated whereby it manufactures and distributes through its own channels such as Sampars and its Select grocers retail outlets. Over the last five years the company has gone through a tremendous transformation driven by its organic growth in its primary distribution segment and through acquisitions. Consequently, it has delivered expansion which has seen its revenue more than double in five years and profits more than tripled. Although the coronavirus pandemic has slowed business activity in Jamaica generally, and has slowed Derrimon's revenue growth by approximately **1.0%** up to September 2020, DTL has remained very profitable. Over the period the Group delivered profit growth of **27.0%** which is a signal of its strength and resiliency given the context of the COVID-19 pandemic.

Over the last five years DTL has delivered an average return on equity greater than **25.0%** with the skilful use of debt to grow its operations. With the proceeds of this APO, DTL plans to acquire two companies in the United States (US) to further its growth and significantly reduce its financial leverage below its industry average. We anticipate that these steps will lead to improve profitability from the integration of the profitable US subsidiaries, synergies to be formed from their integration and that this APO will enhance its capacity to grow both organically and inorganically in the future. DTL will also benefit from the reduction in interest expense from the paydown of debt as it continues to find ways to improve its operating efficiency.

As our valuation puts the company's stock at **J$3.21**, the company's stock being offered to the public at **J$2.40** implies a discount of **25.21%**. As a result of this, we assign a **MEDIUM** risk rating to the security and recommend that clients participate in this APO.

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APPENDIX

DTL GROUP							
INCOME STATEMENT EXTRACT							
JA$- Dec Year End	**2015**	**2016**	**2017**	**2018**	**2019**	**9M 2019**	**9M 2020**
Revenues							
Trading income	6,293,998	6,176,928	6,723,810	9,303,460	12,649,017	9,530,761	9,618,342
Less cost of sales	5,460,667	5,242,449	5,388,010	7,612,427	10,370,183	7,871,854	7,777,834
Gross Profit	**833,331**	**934,479**	**1,335,800**	**1,691,033**	**2,278,834**	**1,658,907**	**1,840,508**
Other income							
Interest Income			0	1	-		
Advertising	-	-	-	-	7,179		
Rental from warehouse space	6,387	18,671	22,399	31,294	640		
Other income insurance proceeds and bad debts recov	1,175	9	28,378	34,953	29,948		
Gain on acquisition of subsidiary	-	-	206,349	-	-		
	7,562	**18,679**	**257,128**	**66,248**	**37,767**	**20,489**	**62,974**
	840,893	**953,158**	**1,592,928**	**1,757,281**	**2,316,601**	**1,679,396**	**1,903,482**
Expenses							
Administrative	538,262	561,460	1,005,566	1,069,495	1,279,414	983,004	1,137,881
Selling & distribution	164,025	177,952	135,665	233,718	408,265	282,740	304,066
Total Expenses	**702,286**	**739,412**	**1,141,231**	**1,303,213**	**1,687,679**	**1,265,744**	**1,441,947**
Operating profit before finance costs	**138,607**	**213,746**	**451,697**	**454,068**	**628,922**	**413,652**	**461,535**
Finance income	659	795	-	-	15,408		
Finance costs	(87,084)	(136,621)	(169,901)	(172,223)	(298,604)	(159,375)	(146,035)
Share of profit of associated company	35,950	38,187	-	-	-		
Profit before taxation	**88,130**	**116,107**	**281,796**	**281,845**	**345,726**	**254,277**	**315,500**
Taxation	-	-	-	4,632	43,018	33,155	34,838
Net profit being total comprehensive income	**88,130**	**116,107**	**281,796**	**277,213**	**302,708**	**221,122**	**280,662**
Increase/(decrease) in revaluation of investment	**654**						
Net Profit Attributable to: Shareholders of the	**88,130**	**116,107**	**252,369**	**249,120**	**290,744**	**203,548**	**258,604**
Non controlling interest	**-**	**-**	**29,427**	**28,093**	**11,964**	**17,574**	**22,058**

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BALANCE SHEET EXTRACT							
JA$ ('000)							
JA$- Dec Year End	**2015**	**2016**	**2017**	**2018**	**2019**	**9M 2019**	**9M 2020**
Assets							
Non-current assets:							
Property, plant and equipment	160,325	176,130	387,007	457,651	483,476	476,451	517,897
Right of Use of use assets	-	-	33,220	-	1,039,077		961,947
Goodwill	15,220	15,220	256,523	163,940	182,120	163,940	182,120
Investments	-	-	-	180,411	-		
Investment in associate	160,825	194,604	-	-	-	160,278	
Intangible Assets	-	-	-	233,478	256,523	233,478	256,523
Total Non Current Assests	**336,370**	**385,954**	**676,750**	**1,035,480**	**1,961,196**	**1,034,147**	**1,918,487**
Current assets:							
Inventories	588,287	905,827	795,551	1,280,787	1,992,174	1,321,938	1,785,685
Receivables	505,729	680,662	887,212	1,166,946	1,033,069	1,437,102	1,456,388
Prepayments	-	120,619	-	-	-		
Related Parties	14,535	834	-	-	-		
Investments	2,351	12,178	5,209	170,132	280,599	243,153	301,125
Taxation recoverable	-	-	256,976	5,999	6,019		3,156
Cash and cash equivalents	79,388	157,934	265,521	388,751	509,627	483,463	254,725
Total Current Assets	**1,190,290**	**1,878,054**	**2,210,469**	**3,012,615**	**3,821,488**	**3,485,656**	**3,801,079**
Total Assets	**1,526,660**	**2,264,008**	**2,887,219**	**4,048,095**	**5,782,684**	**4,519,803**	**5,719,566**
Liabilities and shareholder's equity							
Liabilities							
Current Liabilities							
Payables	560,543	772,033	791,036	1,149,544	976,846	803,413	911,262
Short term loans	-	224,272	29,976	736,416	536,316	127,966	343,802
Current portion of borrowings	6,659	30,901	258,766	69,636	122,448	508,000	546,198
Bank Overdraft	19,185	56,740	17,949	-	-		
Current portion of lease liability	-	-		-	70,601		23,673
Taxation Payable	-	-	-	8,525	7,472		5,742
Total Current Liabilities	**586,387**	**1,083,946**	**1,097,727**	**1,964,121**	**1,713,683**	**1,439,379**	**1,830,677**
Net current assets	**603,903**	**794,108**	**1,112,742**	**1,048,494**	**2,107,805**	**2,046,277**	**1,970,402**
Non-current liability:							
Borrowings	491,912	615,593	754,317	862,658	1,731,003	1,641,066	1,457,088
Shareholders' loans							
Lease liability	-	-	-	-	1,000,272		837,879
Deferred tax Liability	-	-	-	3,080	4,214		
Total Non-current liability	**491,912**	**615,593**	**754,317**	**865,738**	**2,735,489**	**1,641,066**	**2,294,967**
Total Liabilities	**1,078,299**	**1,699,539**	**1,852,044**	**2,829,859**	**4,449,172**	**3,080,445**	**4,125,644**
Shareholders Equity							
Share capital	140,044	140,044	140,044	140,044	140,044	140,044	140,044
Capital reserves	57,503	57,503	133,053	94,638	94,638	94,638	94,638
Investment revaluation reserve	614	614	614	614	614	614	614
Retained earnings	250,200	366,307	590,357	820,343	934,834	1,023,891	1,181,384
Non -Controlling Interest	-	-	171,107	162,597	163,382	180,171	177,242
Total shareholder's equity	**448,361**	**564,468**	**1,035,175**	**1,218,236**	**1,333,512**	**1,439,358**	**1,593,922**
Total liabilities and shareholder's equity	**1,526,660**	**2,264,007**	**2,887,219**	**4,048,095**	**5,782,684**	**4,519,803**	**5,719,566**

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KEY FINANCIAL STATISTICS	2015	2016	2017	2018	2019	9M 2019	9M 2020
Valuation Measures							
Earnings Per Share	0.03	0.04	0.09	0.09	0.11	0.12	0.13
Book Value Per Share	0.16	0.21	0.38	0.45	0.49	0.53	0.58
Dividends Per Share	-	-	-	0.01	0.01	-	-
Net Profit Growth	70.77%	31.74%	142.70%	-1.63%	9.20%	22%	27%
Profitability Ratios							
Return on Equity	21.82%	22.93%	35.23%	24.60%	23.73%	15.36%	18.51%
Return on Assets	7.49%	7.57%	13.78%	10.61%	8.86%	6.34%	7.70%
Operating Margin	2.20%	3.46%	6.72%	4.88%	4.97%	4.34%	4.80%
Net Profit Margin	1.40%	1.88%	4.19%	2.98%	2.39%	2.32%	2.92%
Net Interest Margin	13.24%	15.13%	19.87%	18.18%	18.02%	17.41%	19.14%
Efficiency Ratios							
Asset Turnover Ratio (x)	4.23x	3.26x	2.61x	2.68x	2.57x	2.11x	1.88x
Credit Ratios							
Leverage Ratio (x)	3.69x	3.74x	3.22x	3.08x	3.85x	3.14x	3.38x
Debt/ Equity (x)	1.15	1.64	1.23	1.58	2.96	1.808	2.265
Debt/ Assets (x)	0.34	0.41	0.37	0.41	0.60	0.50	0.56
Interest Coverage Ratio	1.88	1.74	2.96	3.12	2.65	2.79	3.87
Debt To EBITDA	3.16	3.91	2.11	3.10	4.37	5.12	5.68
DSCR	1.75	1.42	1.17	7.72	6.47		
Liquidity Ratios							
Current Ratio (x)	2.03x	1.73x	2.01x	1.53x	2.23x	2.42x	2.08x
Quick Ratio (x)	1.00x	0.78x	1.05x	0.88x	1.06x	1.50x	1.10x
Cash Ratio (x)	0.14x	0.15x	0.24x	0.20x	0.30x	0.34x	0.14x

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