Fund Managers Ltd.
A member of the JN Group

EQUITY RESEARCH REPORT

GraceKennedy Limited (the Group or GK)

OCTOBER 2021

Company Profile

Founded in 1922, GraceKennedy Limited (GK) is one of the Caribbean's largest and most globally recognized conglomerates. The GK Group operates through two divisions: Food Services and Financial Services. The Food Trading division focuses on the merchandising, processing and distribution of general goods and food products as well as the operation of a chain of supermarkets. The Financial Services division includes its banking and investment operations (providing commercial banking, stock brokerage, corporate finance, lease finance, and advisory services), its insurance operations (which offers general insurance and insurance brokerage services) and the money services operations (providing money transfer, bill payment cambio and property rentals).

Key Highlights

- Growth in revenues and profit before taxes across all segments except the Banking & Investment in FY 2020.
- Net Profits jumped by 34% in FY 2020 and improved by approximately 30% in the 6-month ended June 2021 over the corresponding period in prior year.
- Strong focus on increasing the efficiency of its internal business processes and strengthen risk management leading to improved margins and profitability across the Group.
- High and improving employee engagement and training to increase capabilities driving improvement in employee productivity. Return on Equity (ROE) improved to approximately 11% as a result.
- Globally diversified platform, with approximately 37% of revenues generated in the Developed Markets, supporting the resiliency of the Group's earnings even amid the pandemic.
- Strong focus on acquisitions and opportunities to expand the business, including strategic partnerships, expected to drive future growth and profitability.
- As the Group grows, its robust risk management culture ensures risks are maintained within acceptable levels and enables management to respond effectively to events which create uncertainty. This culture improves and ensures business continuity.
- Efficient credit risk management ensures credit risk remains within tolerable levels. For the FY 2020, receivables turnover remained strong and surpassed the 7x threshold for the first time in over five years.

BUY

Key Features	
Current Price (J$)	99.03
Current Fair Value (J$)	108.74
52 Week High (J$)	105.99
52 Week Low (J$)	55.30
2021's Gain/Loss	58.0%
Current P/E (x)	13.96
Current P/B (x)	1.69
TTM Net Income (J$B)	J$4.42B
TTM EPS (J$)	6.25
Market Capitalization (J$B)	98.54
Projected Dividend Yield	2.97%

LOW to MEDIUM RISK
Please see Risk Scale in appendix

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DIVISION OVERVIEW

Today, the GraceKennedy Group, operates in the Caribbean, parts of Central America, North America, and United Kingdom (UK). However, GK's products can be found in many other countries including Russia and on the African continent. Currently the Group has two distinct divisions in Food Services and Financial Services Divisions.

Food Services/Food Trading Division

GK's food services division is well-integrated. As a food manufacturer, GraceKennedy is among the region's largest and over 50% of what is sold under the Grace brand is manufactured in Jamaica. GraceKennedy Limited has six manufacturing plants in Jamaica producing a variety of products including many household brands including Tropical Rhythms, This is Really Great Yogurt and Tastee – the brand under which the popular Tastee cheese is carried.

Within the food services segment GraceKennedy Foods is a major distributor of both food and non-food products. As a distributor, GraceKennedy Foods is responsible for the delivery of the Grace brand, Grace owned brands and the other brands it distributes to over 40 countries globally.

Since 1984, the Hi-Lo Foods Stores (Hi-Lo) have been a part of the GraceKennedy Group. Currently, with its thirteen (13) outlets, Hi-Lo is the second largest supermarket chain in Jamaica. Through Hi-Lo, GK is able control the delivery of its products to customers and is a key channel for the Group to further the connection and cultivate lasting relationships with its customer base.

Financial Services Division

GraceKenndy Limited's Financial Services Division has three distinct segments, banking and investment, insurance and money services.

Through First Global Bank Limited, SigniaGlobe Financial Group Inc., GK Investments Limited and GK Capital Management Limited, the GraceKennedy Group offers its customers a wide range of products and services which include commercial banking, stock brokerage services, corporate finance, and advisory services.

GraceKennedy's Money Services offer bill payment services under the Bill Express brand across the Caribbean while money transfer services through its partnership with Western Union and Cambio services under the brand FX Trader.

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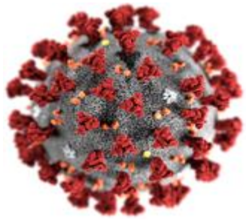
With subsidiaries in Jamaica and the Eastern Caribbean, GK's insurance segment delivers various insurance products to its customers and is supported by some of the world's most highly rated re-insurers.

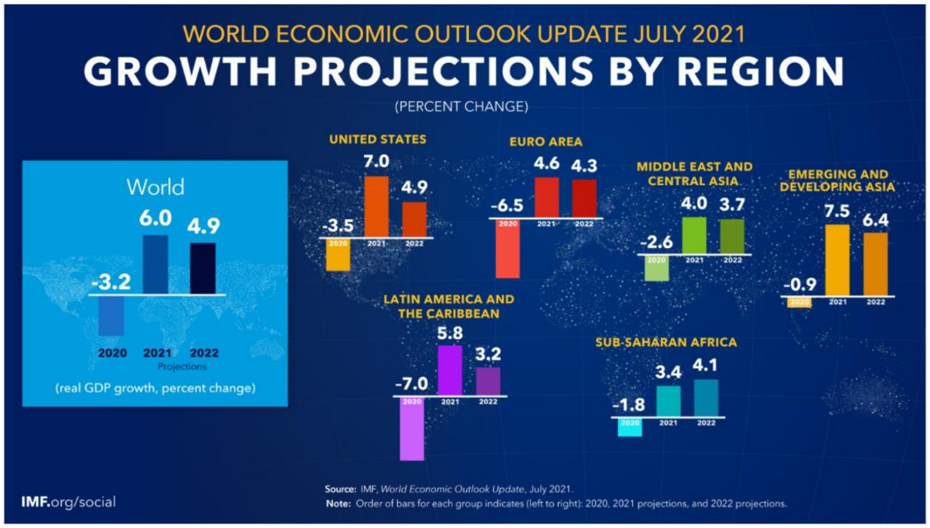
A key strategy to deliver growth within the GK insurance business expansion is mergers and acquisitions and consistent with this strategy, GK completed the acquisition of Key Insurance Company Limited in 2020 and has recently announced its agreement to purchase Scotia Insurance Eastern Caribbean Ltd. (SIECL). The purchase of SIECL will help the Group to further strengthen its position in the insurance business and increase its presence in the Eastern Caribbean.

IMPACT OF COVID-19 ON GK



The unprecedented spread of COVID-19 has created a global health crisis. Its spread has caused many businesses around the globe to be counting losses and wondering what the recovery will likely be. Global lockdowns, particularly in the second quarter of 2020, to curtail the virus have resulted in economic turmoil only comparable to the Great Depression in the 1930s. Many people have lost jobs and consequently unemployment rates remain at historically high levels in many economies, despite those economies gradually emerging from severe restrictions imposed during the heights of the pandemic.

To counter their then weakening economies, many governments took large fiscal and monetary measures. The various stimulus packages passed, particularly in the developed world, have helped to maintain each household's propensity to spend and in some cases provided businesses with the necessary working capital and liquidity needed to stay afloat during the pandemic. In addition to shoring up economies, measures were taken to bolster heath care capabilities and when combined have gone a far way to



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reduce the economic contraction and stabilize global financial markets. Notwithstanding, the global economy contracted by 3.2% in 2020 according to the International Monetary Fund (IMF). In Latin America and the Caribbean, the situation was even more dire, with the IMF reporting that those economies declined by 7.0% in 2020, the largest regional decline globally.

Heading into the pandemic, Jamaica recorded growth 20 consecutive quarters of economic growth[1] and was in a relatively strong economic position. Specifically, Jamaica's debt to Gross Domestic Product (GDP) was below 100%, its Net International Reserves (NIR) was above US$3.16 billion, and unemployment was at a record low of 7.3%. However, the COVID-19 pandemic has resulted in a significant deterioration in the country's economic position. According to the IMF, the Jamaican economy declined by 11.0% in the fiscal year 2020/21.

Undoubtedly, GK's operations was significantly impacted by COVID-19. However, at the start of the pandemic the company enacted its disaster recovery plan, adjusted its structure to remain nimble and agile and importantly, identified several areas of opportunities it believed would enable future growth. These include implementing GK's Business Continuity Plan, Supply Chain Risk Assessment Action plan, stringent inventory management and allowing approximately 60% of its employees to work from home excluding those working at one of the six manufacturing plants, Hi-Lo supermarkets and the GraceKennedy Remittance Services, while not laying off any of its employees. Overall, the Group is now more resilient than ever before.

GraceKennedy Limited is a well-diversified group of companies with operations in food manufacturing and distribution, banking, insurance and money services. The company is also very well diversified geographically, with revenues generated outside of Jamaica accounting for approximately 47% of total revenues in FY 2020. Interestingly, in FY 2020 GK's revenue growth outside of Jamaica was approximately twice that of the growth generated locally. Probably a more important observation, however, is that the revenue contribution from the developed world in FY 2020, was ~37% of the conglomerate's top-line and give some indication of the geography likely to lead the future growth as the company emerge from COVID-19.

[1] The Planning Institute of Jamaica (PIOJ).

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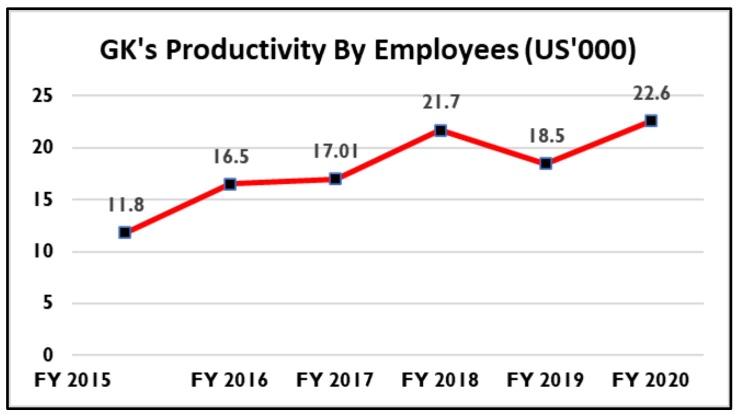
Despite COVID-19's negative impact, GraceKennedy has proven to be very resilient. For the second year in a row, the company delivered revenues surpassing the **J$100** billion in FY 2020 mark which was 12% above the previous year despite the pandemic. So far, the significant decline in the hospitality industry has not significantly impacted GK's sales to that industry. Additionally, with restaurants operating at lower capacity consumers shifted to "at home" meal preparation which resulted in an uplift in sales through supermarkets and other retail channels for examples. Another development which has benefited the Group is that in the international foods segment, consumers to broaden their menu options have been trying more of ethnic foods.

The operational changes the company made, and mentioned above, to remain nimble and agile have also contributed to a notable improvement in the margins of the group with both gross and operating margins each improving by approximately 50%[2]. The knock-on effect of having its diversified operations, strong revenue growth and improved operational efficiency is an improvement in profits of **J$1.74** billion in FY 2020 when compared to the previous year.



GraceKenndy Limited's strong performance, however, was not limited to its financial results during the year. During the pandemic, the company registered a staff engagement score of 71%, which was the highest in Group's history. Despite the pandemic, GK remained focus on building a workforce of highly skilled people and continued to invest in the development of the team. This is not surprising. For the past several years, companies have been increasingly monitoring their engagement levels, as a growing body of research has demonstrated that having a highly engaged workforce not only maximizes a company's investment in human capital and improves productivity, but it can also significantly reduce costs, such as turnover, that directly impact the bottom line[3]. This may be underscored by GK's employee productivity which has seen close to a 100% improvement over the last five years.

Growth Strategy

In 2020, GraceKennedy Limited celebrated its 99th year of operations. Over those years the company has moved from being a solid Jamaican company to become a truly global player. During FY 2020 GK generated 47% of its revenues outside of Jamaica, up from 44% a year early.

[2] GK 2020-Auditied Report – Gross Margin 3.63% FY 2019 vs 5.89% FY 2020 and Operating Margin 6.07% FY 2019 vs 8.51% FY 2020
[3] https://hbr.org/resources/pdfs/comm/achievers/hbr_achievers_report_sep13.pdf

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Over the last five years grace executed several significant deals aimed at furthering its growth both locally and internationally. In 2020 the company acquired a 65% stake in Key Insurance Company to strengthen the Group's presence in the local insurance market. Prior to the acquisition of Key insurance Company, GK partnered with the Musson Group (in 2018) to enter the group health and life insurance market under the name Canopy Insurance Limited.

In December 2018, GK and Majesty Foods Factory formed a joint venture in which GK was set to own a 49% stake in a Florida based patty and empanada company. Majesty Foods, manufacturers GK's branded patties for the USA market and these products can be found in popular retail outlets such as Wal-Mart and Target all over the USA.

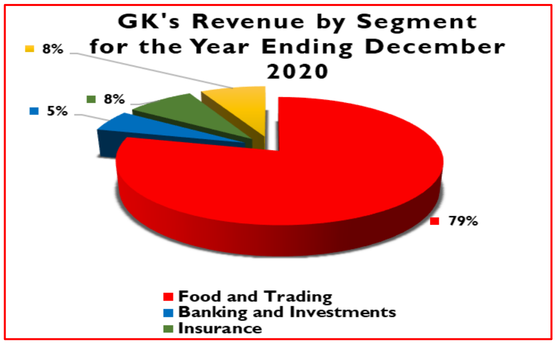
Additionally, the GraceKennedy Group took a bold step towards becoming a Global Consumer Group in 2019 by opening the Grace/La Fe Facility in New Jersey. This facility is expected to improve the GK's operational efficiency in the US and is a key piece of the growth strategy in that country

Looking ahead, the Group has signalled its intention to continue to fuel growth through mergers and acquisition and the COVID-19 pandemic, we believe, has created the opportunity for strong companies like GK to execute on this strategy at good prices. Earlier this year, GK announced its first acquisitions for 2021 which is the purchase 100% of the shares in Scotia Insurance Eastern Caribbean Ltd and the 876 Spring Water brand in March. Currently the Group is eyeing several areas of future growth in the international food markets and will likely pursue growth in the key areas where it already has a footprint. These moves (closed and pending) will further strengthen the Group's foothold in its core financial service and food businesses and further increase the revenue potential outside of Jamaica and expected therefore, to further improve the overall strength of the Group.

SUMMARY OF FINANCIAL ANALYSIS

Revenue and Profitability FY 2020

Over the last five years (2016 to 2020) GK has delivered consistent revenue growth moving from J$79.74 billion in FY 2016 to J$115.44 billion in FY 2020. The J$115.44 billion in revenues recorded in FY 2020 represented the second consecutive year that the company's revenue surpassed the J$100.00 billion mark and was approximately 12% above the amount posted in the previous year.



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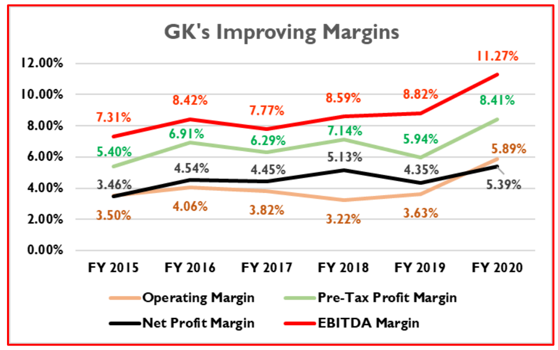
All business segments within the GK group recorded revenue and profit before tax (PBT) growth in FY 2020 except the Banking and Investment Segment, where although revenues were higher (2.0%) in FY 2020, PBT came in lower by 9.2%. The Banking and Investment segment was challenged in FY 2020 due to the deterioration in economic conditions in Jamaica and globally due to the pandemic. Notwithstanding, its merchant bank business in Barbados performed relatively well, recording an increase in pre-tax profits despite the challenges caused by COVID-19.



Overall, GK performed well in 2020 based on several metrics. Firstly, during the period, GK posted profit after tax of J$6.9 billion which was more than 34.0% above the profit posted in FY 2019 and importantly was not delivered through, one-off, unsustainable gains. Secondly, GK improved its efficiency in FY 2020 measured by the growth in operating profit margin. With a growth of J$3.57B in the year, GK operating profit margin jumped from 3.6% in FY 2019 to 5.9% in FY 2020 owing to strong revenue uplift as well as its deliberate strategies to improve the manufacturing and distribution of its products.

Looking ahead we anticipate that there could be further improvements in this area. For example, the merger of NALPRO/Grace Food Processing is expected to deliver several efficiencies. By bringing more of its manufacturing "under one roof" several duplicated expenses such as security and utility costs. Other savings include lower transportation cost as now GK's operations will be closer to the port and therefore facilitating savings in both import of raw materials and export of finished goods.

The Group's ROE in the year was 11.1% an increase of almost two percentage points above the amount recorded in FY 2019. At the same time, earnings per share moved from J$4.52 in FY 2019 to J$6.28 in the just concluded financial year, representing an increase of approximately 39.0%.

A decomposition of GK's ROE using the DuPont Model highlights the elements which have led to the changes in the company's ROE. From this, it can be observed that GK's improved ROE was mainly attributable to the one percentage point increase in its net profit margin or its operational efficiency. Unsurprisingly, as GK's operations include several fixed costs, when capacity utilization increases, its marginal cost declines as the incremental units produced are at a lower cost. Some of the costs likely to be relatively fixed across the Group include staff costs, technology costs and rental expense.

DuPont Analysis

Financial Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Net Profit Margin	3.5%	4.5%	4.5%	5.1%	4.4%	5.4%
Asset Turnover (x)	0.76	0.75	0.72	0.74	0.71	0.71
Financial Leverage (x)	2.9	3.0	2.9	3.0	3.0	2.9
Return on Equity	**7.5%**	**10.2%**	**9.2%**	**11.4%**	**9.2%**	**10.9%**

Now, by significantly growing its revenues, over a relatively lower cost structure, its Net Profit Margin improved from 4.4% in FY 2019 to 5.4% FY 2020.

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Revenue and Profitability 6-Month 2021

The GK Group generated revenues of J$63.4B in the first six months of FY 2021, representing an increase of J$6.8B or 12.1% above the equivalent period in last year and reflected GK's continued strong operating performance. This was underscored by the Group's reporting of a profit before other income of $3.9B in the 6-Month period, or 26.1% over the previous year. Net profit was J$4.0B, reflecting a significant increase of 30.3% over the same period in 2020 and may reflect GK's benefit from the economic reopening globally and the Group's continued progress towards improving the operating margins of its businesses.

Grace's Food and Financial service segments performed well over the six-month period with the various division reporting double digit growth and overall improvements along several metric across the various divisions and business lines. While the outlook for these businesses over the remainder of 2021 and beyond is uncertain given the rapid spread of the new variants of COVID-19 locally and globally, it appears the Group is well positioned to deliver on its strategic initiatives and managing its operating expenses, liquidity and the supply chain for our global inventory.

Liquidity, Solvency & Asset Quality

GraceKennedy's total assets grew by 11.0% or J$17.0B in FY 2020 led by the growth in Cash and Deposits (J$9.70B), Inventories (J$1.12B) and investment securities (J$2.85). During the year the Group's cash and deposits and investments grew as the improved profits generated by the business was converted to cash and other liquid assets in a deliberate strategy across the Group to remain agile amid the significant uncertainty brought on by the pandemic. Fixed assets also grew during the year (J$1.48B), as the company increased its investments to boosts it manufacturing capacity, its retail outlets and information technology. FY 2020 was pivotal for GK as the company sought to bolster is already dominant position in the Jamaican food market. To that end, GK executed an initiative to improve its distribution in traditional channels by adding over 1,500 new points of sale to its network.

Digital transformation has also been identified as a critical initiative for the GraceKennedy Group and consequently, several activities took place during the year to enhance the accessibility of GKs products and improve its customer experience.

Total liabilities grew by approximately 9.0%, while total equity climbed by almost 20.0% year over year. The growth in the GK group's equity was largely because of increased net profits (J$6.21B) generated in the year. This increase in equity is an indication of the company's increased capacity to withstand external shocks especially within the context of COVID-19.

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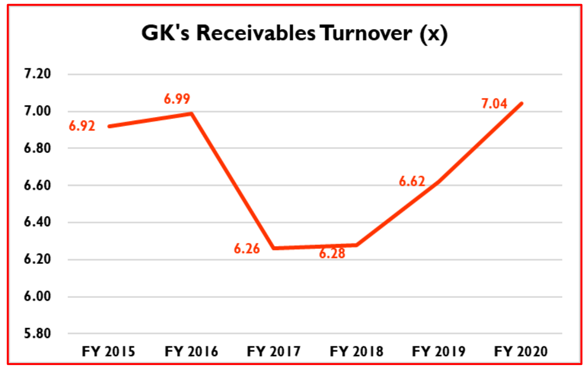

GraceKennedy Limited takes on exposure to credit risk and its management manages its exposure to credit risk. Credit exposures arise principally from the Group's receivables from customers and agents among others. To assess the efficiency of its credit risk management, we assessed the Group's receivables turnover over the last five years, which shows an increasing trend and reaching a high of 7.04x at the end of FY 2020. The accounts receivable turnover ratio, also known as the debtor's turnover ratio, is an efficiency ratio that measures how efficiently a company is collecting its revenue – and by extension, how efficiently it is using its assets. To facilitate this improvement, GK structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments. This is a very important metric, especially within the context of the COVID-19 pandemic when other companies have had difficulties managing credit risk and is probably a testament of the Group's Enterprise Risk Management Framework.

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INVESTMENT POSITIVES AND RISKS

Positives	Negatives/Risks
Strong Brand in the Food Segment: GK has been in operation for over 90 years. Over that period, the Group has produced products and brands known for consistently high quality in Jamaica and within some international markets. Having a strong, well-known brand enhances GK's credibility, builds recognition, and increases its competitiveness. Ultimately, its strong brand leads to loyalty, which enhances its resilience. **Diversified Business Operations:** GK's businesses span across several industries including manufacturing, money services and banking and investments. Additionally, the company's revenue base is also very well diversified with over 47% of revenues generated outside of Jamaica and over 30% generated in developed markets.	**Weak Macroeconomic Environment:** Jamaica's economy deteriorated in 2020 due to the COVID-19 virus and while growth can be reasonably expected in 2021 and beyond, the recent restrictions imposed in the 3rd quarter of 2020, to contain the recent spike, could lead to another year of slow growth for Jamaica. In a context of slow growth locally, GK may find it difficult to grow revenue and profits notwithstanding its robust performance in 2020 despite the pandemic and improved six-month 2021 results. However, the COVID-19 pandemic is not expected to be permanent and the vaccination drive in GK's main markets outside of Jamaica and Jamaica's own vaccination programme provides optimism that a return to normality could take shape in 2021.
Strong Equity Base: GK's equity due to shareholders stood at J$59.91 billion at the end of December 2020 having jumped by over J$7.58 billion during the year. The relatively high and growing equity base is an indication of the Groups' ability to withstand external socks which is very important especially within the context of COVID-19. **Consistent Profit Growth:** Over the last five years, GK has generated consistent profit, growing at a CAGR of approximately 12%. In the last year, notwithstanding the COVID-19 pandemic, the Group delivered net profit attributable to shareholders which was almost 39% higher than in the previous year. **Consistent Dividend:** GK has paid a consistent dividend over the year. Over the last five years, GK has paid out approximately 28% of profits as dividend with an average yield of 2.9%. In 2020, GK continued to pay dividends, in line with its average, even as other companies curtailed dividends to preserve capital amid COVID-19. As a result, investors may expect GK to pay dividend at these levels going forward barring further shocks.	**Supply Chain Disruptions:** GK operations is globally diversified. In addition to the fact that close to 50% of the company's revenues are generated outside of Jamaica, its suppliers are too located globally. Due to the pandemic, supply chains have been disrupted. The path and severity of the virus in the various remains unpredictable which may force the company to incur additional logistical costs to ensure supply chains remain intact.

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VALUATION ANALYSIS

The estimated fair value of GK's stock was determined using the Dividend Discount Model (DDM) and the Relative Valuation method. In FY 2021 the company is projected to generate revenues of **J$124.67** billion or a growth of **~8.0%** when compared to FY 2020. Given the continued growth projected from its local and international businesses, as the economies continue to reopen, we project that the company continues to benefit from the strong support from increase business activities.

Currently, the Industry average price to earning (P/E) for the conglomerates listed on the JSE is **15.07x**[4]. GK's EPS was projected at **J$7.37** for the FY 2021 or a growth of approximately **15.8%** above the amount recorded in FY 2020. With an industry average p/e of **14.82x** and forward earnings of **J$7.37**, GK's stock price was estimated at **J$109.21**.

The DDM model defines cash flows as dividends and the principle behind the use of this model is that investors who buy a company's stock usually only receive cash returns in the form of dividends, generally. The DDM model is usually most suited for companies with a history of dividend payments, when investors take a non-control perspective and when there is an established dividend policy bearing an understandable and consistent relationship with profitability. Over the last five years GK distributed approximately **28.0**% of its earnings as dividends on average and its dividends grew at an annual rate of **~14.0**%. In our use of the DDM model we assume Grace Kennedy's dividend grows at a sustainable growth rate of **8.3%.** We also assume that the company maintains a pay-out ratio of **25.0%** and a required rate of return of **10.5%.** Based on these assumptions the company's stock was valued at **J$108.29** based on the DDM.

To arrive at a final value for GKs stock, the results of both methods were average which resulted in a valuation of **J$108.74.** As at October 11, 2021 GK's stock price was **J$99.03**, it implies that at a fair value of **J$108.74**, GK is undervalued. The implied discount based on the closing price of **J$99.03** is **8.9%.**

[4] Industry average P/E for companies listed on JSE based on TTM earning and share prices as at October 11, 2021.

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ANALSYT OPINION

GraceKennedy Limited, established over 90 years ago, is now a well-diversified conglomerate operating globally and across various industries. The GraceKennedy Group is well known throughout the Caribbean region as a leading producer of high-quality products and a company which, consistently, delivers great services. It's reputation for delivering high-quality products and services has led to the GK brand being one of the strongest in this region and which has generated a significant customer loyalty in regional markets and many places around the world, especially in areas with large Caribbean diaspora or where tastes are similar.

The COVID-19 pandemic which has wreaked havoc on almost every part of the world, undoubtedly has had a negative impact on GK's operations. The unforeseen effects of the coronavirus have presented numerous challenges for many companies globally and continues to place pressure on multiple sectors even up to this point. Despite these challenges, GK's revenues have shown strong resilience, so far, which undoubtedly may be a direct benefit of its well diversified operations and strong risk management framework which has severed it well over many years and many business cycles. Consequently, in the FY 2020, GK reported significantly improved results, which underscores the strong fundamentals of the Group and the success of its deliberate strategies over the years to improve its efficiencies. In that period (FY 2020), the Group reported improvements along several metrics including profits, which were 34.5% above the previous year and operating margin as well as growth in its equity of over J$7.6 billion. GraceKennedy Limited also reported record staff engagement scores groupwide and unsurprisingly its staff productivity jumped to US$22.6K or by over 22.0%. The results posted in the six-month ended June 30, 2021 have been similarly impressive with net profits for the period coming in at J$4.0 or ~30.0% above the corresponding period in 2020.

Going forward, we expect the GK's strong resiliency to continue despite COVID-19, even as the company make significant changes to ensure its products and services are delivered to its customers across the various channels. These include ensuring its international supply chains remain strong, active, and efficient. Its recent agreement with Nestle is one such initiative that GK has implemented to improve its distribution as the Group moves closer to achieving its goal of creating a wider wingspan in the global arena. We believe that GK is poised for further sustainable growth given its well diversified businesses across its two segments which will likely be boosted by inorganic growth from acquisitions. GraceKennedy Limited has initiated its multi-year transformational strategy in which it seeks to achieve (i) sustainable efficiency, (ii) greater agility and (iii) revenue growth. To achieve these goals, the Group has made changes to its organisational and cost structure as well as its business processes which have so far resulted in an upswing in its margins and profitability, and which augurs well for the Group's future.

With growth in all segments, the Group outperformed its prior year results, posting arguably its strongest financial results since inception. GK is well positioned financially and has displayed the ability to continue growing despite the economic downturn caused by the effects of COVID-19. Currently the Groups' stock is trading at a discount of 9.5% to its fair price and as a result, given the aforementioned, we recommend that investors **BUY** the stock at its current price level.

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APPENDIX

Income Statement

	FY 2015 '000	FY 2016 '000	FY 2017 '000	FY 2018 '000	FY 2019 '000	FY 2020 '000	6-Month 2020 '000	6-Month 2021 '000
Revenues	79,742,230	88,267,589	92,475,652	97,544,731	103,089,893	115,437,341	56,531,618	63,351,341
Expenses	76,949,188	84,684,563	88,944,423	94,404,217	99,350,892	108,633,415	53,463,715	59,481,294
	2,793,042	**3,583,026**	**3,531,229**	**3,140,514**	**3,739,001**	**6,803,926**	**3,067,903**	**3,870,047**
Other Income	1,571,132	2,383,733	2,088,006	3,486,010	2,520,212	3,024,608	1,496,335	1,527,277
Profit from Operations	**4,364,174**	**5,966,759**	**5,619,235**	**6,626,524**	**6,259,213**	**9,828,534**	**4,564,238**	**5,397,324**
EBITDA	**5,832,607**	**7,433,548**	**7,189,771**	**8,376,963**	**9,092,740**	**13,013,146**	**6,052,421**	**7,069,601**
Interest Income - non-financial services	339,154	372,276	378,212	427,501	437,398	467,866	223,461	276,092
Interest Expense - non-financial services	(715,706)	(676,856)	(662,857)	(581,873)	(1,087,903)	(1,130,957)	(553,437)	(557,846)
Share of results of associated companies	316,191	441,151	484,972	490,873	518,887	543,532	286,925	329,579
Profit before taxation	**4,303,813**	**6,103,330**	**5,819,562**	**6,963,025**	**6,127,595**	**9,708,975**	**4,521,187**	**5,445,149**
Taxation	(1,271,291)	(1,568,468)	(1,047,462)	(1,319,448)	(1,027,679)	(2,852,049)	(1,470,191)	(1,470,720)
Net Profit from Continuing Operations	**3,032,522**	**4,534,862**	**4,772,100**	**5,643,577**	**5,099,916**	**6,856,926**	**3,050,996**	**3,974,429**
Profit for the year from Discontinued Operations	221,498	-	-	-	-	-	-	-
NET PROFIT	**3,254,020**	**4,534,862**	**4,772,100**	**5,643,577**	**5,099,916**	**6,856,926**	**3,050,996**	**3,974,429**

Balance Sheet

	FY 2015 '000	FY 2016 '000	FY 2017 '000	FY 2018 '000	FY 2019 '000	FY 2020 '000	6-Month 2020 '000	6-Month 2021 '000
Current Assets								
Cash and Deposits	9,901,417	12,276,647	12,084,245	14,824,799	14,627,178	24,331,106	17,707,620	27,749,651
Accounts Receivables	11,578,568	13,688,237	15,848,567	15,226,423	15,908,616	16,871,439	21,031,158	22,909,247
Inventories	10,041,196	11,461,283	11,253,140	12,784,061	13,315,155	14,433,135	11,808,781	14,693,916
Pledged Assets	11,107,139	15,419,427	4,927,305	9,931,362	9,227,048	7,610,387	8,048,099	6,837,422
Investment Securities	21,760,103	23,874,246	31,853,036	28,261,306	30,666,623	33,513,948	31,827,302	36,707,824
Tax Recoverable	579,836	424,239	798,690	764,826	775,786	767,669	781,632	977,617
Loans Receivables	22,595,591	25,928,057	27,548,329	26,469,557	30,677,003	31,250,331	31,037,424	32,123,985
Total Current Assets	**87,563,850**	**103,072,136**	**104,313,312**	**108,262,334**	**115,197,409**	**128,778,015**	**122,242,016**	**141,999,662**
Non Current Assets								
Investment Properties	532,000	584,000	618,000	628,000	665,000	925,734	968,150	699,000
Fixed Assets	8,544,393	10,111,671	11,715,661	14,300,969	24,074,325	25,560,044	23,992,393	25,531,880
Deferred Tax Assets	1,019,904	801,008	836,477	1,410,080	1,142,161	1,060,528	1,835,825	1,138,528
Intangible Assets	4,176,644	4,024,272	4,398,127	4,128,043	4,012,945	4,411,466	4,448,044	4,887,812
Investments in Associates and joint ventures	1,492,080	1,743,984	1,798,220	2,964,841	3,511,934	4,118,824	3,946,313	4,356,003
Pension Plan Asset	5,364,583	6,142,078	6,308,843	3,269,925	5,821,549	6,841,372	5,898,657	6,667,207
Assets Classified for Sale	-	-	-	271,208	280,558	-	297,421	-
Total Non-Current Assets	**21,129,604**	**23,407,013**	**25,675,328**	**26,973,066**	**39,508,472**	**42,917,968**	**41,386,803**	**43,280,430**
TOTAL ASSETS	**108,693,454**	**126,479,149**	**129,988,640**	**135,235,400**	**154,705,881**	**171,695,983**	**163,628,819**	**185,280,092**
Current Liabilities								
Accounts Payables	17,216,263	20,325,181	22,210,899	23,201,686	24,408,190	28,211,841	29,397,591	32,585,122
Taxation	311,600	572,331	427,486	464,890	459,191	1,077,285	875,282	817,230
Deposits	24,258,437	30,653,888	33,530,523	34,371,026	35,805,361	41,611,220	37,333,935	45,525,919
Bank and other loans	13,936,107	13,242,037	16,515,615	16,529,313	24,032,254	25,233,708	24,774,030	26,808,174
Provisions	-	-	-	-	37,779	42,602	40,772	44,906
Securities sold under agreements to repurchase	8,641,978	12,343,432	3,792,720	7,208,337	7,892,207	4,968,483	6,133,742	4,864,407
Total Current Liabilities	**64,364,385**	**77,136,869**	**76,477,243**	**81,775,252**	**92,634,982**	**101,145,139**	**98,555,352**	**110,645,758**
Non-Current Liabilities								
Other Post-Employment Obligations	3,848,433	4,406,015	5,129,990	6,083,687	5,799,526	5,949,279	5,754,770	5,894,115
Deferred Tax Liabilities	1,107,574	1,397,657	1,369,294	687,069	1,559,686	1,822,238	1,518,166	1,790,307
Total Non-Current Liabilities	**4,956,007**	**5,803,672**	**6,499,284**	**6,770,756**	**7,359,212**	**7,771,517**	**7,272,936**	**7,684,422**
TOTAL LIABILITIES	**69,320,392**	**82,940,541**	**82,976,527**	**88,546,008**	**99,994,194**	**108,916,656**	**105,828,288**	**118,330,180**
Equity								
Share Capital	567,789	534,249	540,951	490,354	457,170	305,493	399,180	366,036
Capital and fair value reserves	5,132,759	5,805,054	6,089,245	6,346,838	7,234,530	7,789,066	6,680,833	7,573,442
Retained earnings	25,971,707	29,333,152	32,120,056	32,306,560	38,501,844	44,096,867	41,008,278	47,038,584
Banking reserves	2,588,019	2,772,209	3,044,111	3,118,867	3,220,711	3,620,711	3,220,711	3,620,711
Other reserves	3,787,167	3,619,261	3,428,449	2,351,808	2,912,158	4,098,122	3,607,436	4,912,688
	38,047,441	**42,063,925**	**45,222,812**	**44,614,427**	**52,326,413**	**59,910,259**	**54,916,438**	**63,511,461**
Non-Controlling Interest	**1,326**	**1,475**	**1,789**	**2,075**	**2,385**	**2,869,068**	**2,884,093**	**3,438,451**
TOTAL EQUITY	**38,048,767**	**42,065,400**	**45,224,601**	**44,616,502**	**52,328,798**	**62,779,327**	**57,800,531**	**66,949,912**

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KEY FINANCIAL STATISTICS								
Ratios	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**Q2 2020**	**Q2 2021**
Liquidity Ratios								
Current Ratio (x)	1.36	1.34	1.36	1.32	1.24	1.27	1.24	1.28
Cash Ratio (x)	0.15	0.16	0.16	0.18	0.16	0.24		
Quick Ratio (x)	1.02	0.98	1.14	1.04	0.99	1.05	0.17	0.12
Profitability Ratios								
T12 Month Return on Equity	7.40%	10.00%	9.43%	11.14%	9.26%	11.08%	0.25	0.15
T12 Month Return on Assets	3.15%	3.89%	3.95%	4.62%	3.90%	4.83%	0.04	0.04
Operating Margin	3.50%	4.06%	3.82%	3.22%	3.63%	5.89%	5.43%	6.11%
Pre-Tax Profit Margin	5.40%	6.91%	6.29%	7.14%	5.94%	8.41%	14.78	18.21
Net Profit Margin	3.46%	4.54%	4.45%	5.13%	4.35%	5.39%	4.86%	5.66%
EBITDA Margin	7.31%	8.42%	7.77%	8.59%	8.82%	11.27%	10.71%	11.16%
Efficiency Ratios								
Total Asset Turnover (x)	0.76	0.75	0.72	0.74	0.71	0.71	0.35	0.36
Receivables Turnover (x)	6.92	6.99	6.26	6.28	6.62	7.04	2.69	2.88
Credit Ratios								
Financial Leverage (x)	2.86	3.01	2.87	3.03	2.96	2.87	2.98	2.92
Total Debt/Total Equity (x)	0.59	0.61	0.45	0.53	0.61	0.48	0.20	0.19
Total Debt/Total Assets (x)	0.21	0.20	0.16	0.18	0.21	0.18	0.05	0.06
Total Debt/EBITDA	3.87	3.44	2.82	2.83	3.51	2.32	0.35	0.35
EBITDA/Interest Expense	8.15	10.98	10.85	14.40	8.36	11.51	10.94	12.67
Net Borrowing (J$B)	1.71	(0.05)	2.72	0.05	(0.28)	(0.89)	0.61	0.99

Equity Risk Scale

Low Risk	Medium Risk	High Risk
Strong Earnings History	Moderately Stable Earnings History	Weak Earnings History
Low Financial Leverage	Moderate Financial Leverage	High Financial Leverage
Strong Corporate Governance Structure	Moderate Corporate Governance Structure	Weak Corporate Governance Structure
High Operational Efficiency	Suboptimal Operational Efficiency	Operational Inefficiency
Consistent Dividend payments	Moderate Dividend payments	Erratic Dividend Payments
Long Operating History	Limited Operating History	Short / No Operating History
Publicly Listed (Main Market)	Publicly Listed (Junior Market)	Privately Held
Positive and Growing Cashflows	Low and Inconsistent Cashflow	Inconsistent and Negative Cashflow
Low Customer Bargaining Power	Moderate Customer Bargaining Power	High Customer Bargaining Power
Diversified Revenue Stream	Limited Revenue Diversification	Undiversified Revenues

The current risk wieghting indicates the current investment's relative risk compared to other investment within its (same) asset class. The risk Rating indicates that the investment is likely to meet the creteria across the risk catergories assigned.

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