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For April's edition of our monthly Investor Forum, Caribbean Producers Jamaica Limited's Chief Executive Officer, David Lowe, gave an Investor Update on his company's performance.

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MAY 2018

CEO CORNER

A Company's Stock Price: what does it mean?

Companies enter the stock market either to issue shares or sell shares after their initial public offering (IPO). Studies have proven over time that shares or equities are one of the best long-term investments in the financial marketplace and therefore, measures the overall strength and well-being of a company's performance.

The stock price of the company is varied to change in its value. This involves taking risks once the investment has been made. Nonetheless, over the long term, they can generate good returns. Investors receive two types of return from the purchase of shares being bought: annual income and long-term capital growth or income in the form of dividends, which are usually paid twice a year to shareholders. This is generally paid when a company is making substantial amounts of profit.

Many companies have faced challenges by becoming undermined with the value of share price. This occurs when management is unable to utilise the funds raised to increase future earnings with the value of the business. There are conditions that the company must undergo in making its share price beneficial for all stakeholders: it is imperative that the business is a reputable entity with steady profit growth where the increase in share price is aligned with the increase in the value of the business and employ corporate strategies that aid in increasing the added value of the company, which will be advantageous in increasing shareholders' value.

A good management team must have a vision for its company and be able to take advantage of its share price to grow the business. Once the value of the stock price has increased, it will provide alternative opportunities to further develop and improve in value. This will in turn attract potential investors as well as build partnerships.

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Is it the best time to invest in Jamaican equities?

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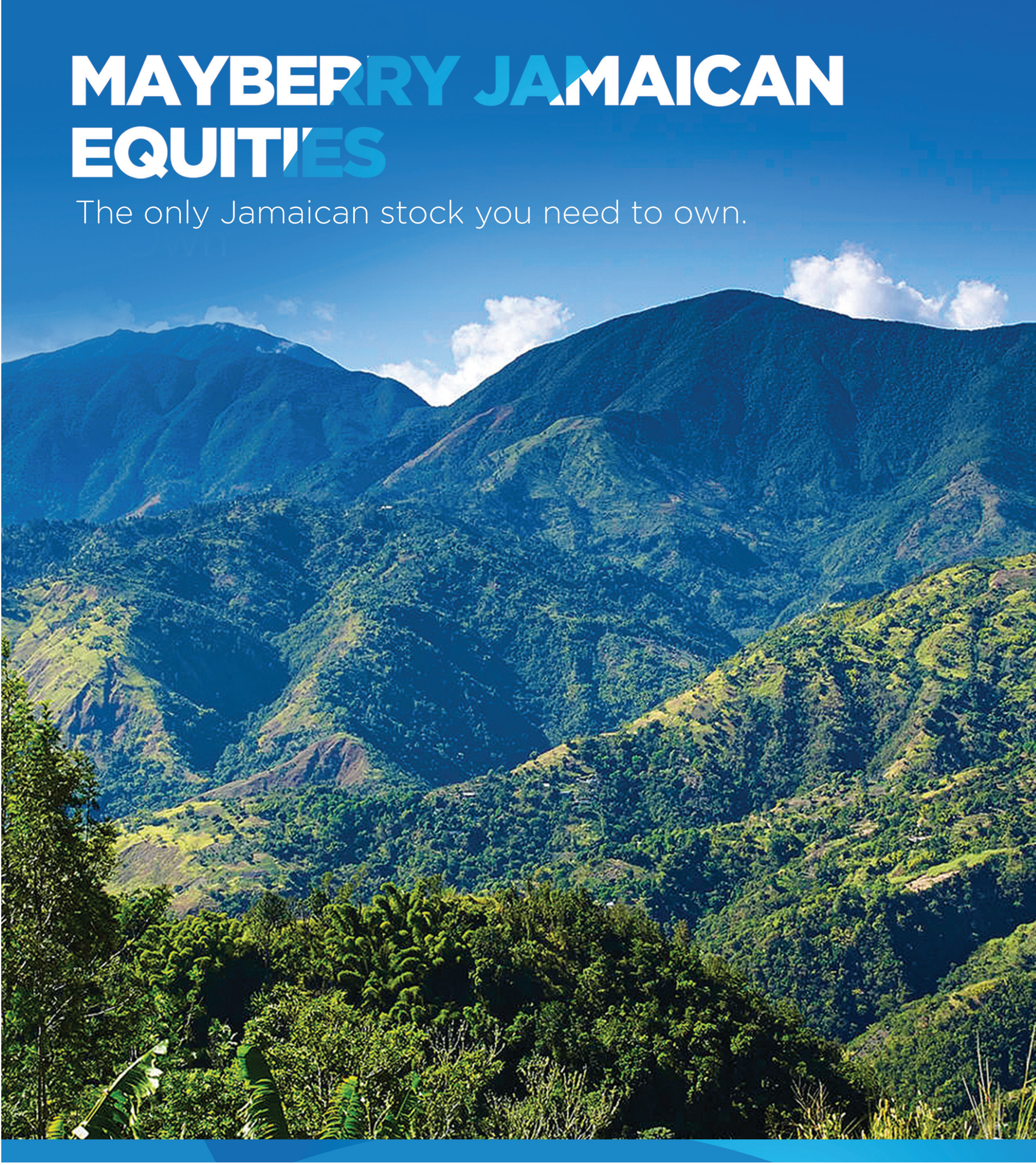
If you are a current or potential investor in Jamaican equities, should you be looking to increase or start investing in the Jamaican Stock Market? The answer is a resounding YES!

Recent positive earnings results for several listed companies saw both the Main and Junior Markets reaching record highs. The country is seemingly poised for strong and consistent growth and continues to maintain a stable macroeconomic framework. For January-March 2018, real Gross Domestic Product (GDP) saw an estimated 1.12 per cent growth relative to the corresponding quarter of 2017. The Goods Producing and Services Industries were estimated to have grown by 3 per cent and 0.7 per cent respectively. For the reporting period (January-March 2018), the Jamaican economy experienced deflation of 0.2 per cent, which was created primarily from a decrease in prices for the Food & Non-Alcoholic Beverages division.

As of January 2018, the employed labour force increased by 22,600 persons to 1,206,600 persons versus 2017 figure of 1,184,000 persons. As a result, the unemployment rate for January 2018 was 9.6 per cent, the lowest since October 2017 when the unemployment rate was 9.3 per cent. The Bank of Jamaica (BOJ) has reduced its policy rates to 2.50 per cent and has enabled firms to borrow at much lower rates. Tourist arrivals continue to break records, supplying the economy with an increase in US Dollar cash availability. A new and more active Foreign Exchange (FX) system has also enabled the BOJ to stabilise the FX rate with rates having a year to date appreciation of 2.73 per cent.

Apart from this macroeconomic data, the investment climate in Jamaica has been extremely positive. There have been numerous construction sites in and around Kingston. Roadways are being widened to improve transport. Wharves have also increased their capacity and continue to benefit from increased export and import levels. At a recent Annual General Meeting (AGM) held by PanJam Investments Limited, the company stated that one of their growth strategies is to "grow their trading portfolio, focusing on Jamaican markets, while maintaining diversification to hedge against shocks".

With the strong macroeconomic framework, we are currently experiencing, as well as the increased confidence in our investing environment, our markets are poised to continue its growth. Companies on the market, through strong leadership, have taken advantage of the environment and continue to show improved financial performances. There is expected to be more IPOs for the calendar year with the most recent two being Sygnus Capital and Everything Fresh Limited. This will also contribute to the market's continued growth. If you are not investing in any Jamaican stocks in this climate, then you are missing out! That being said, do ensure that you speak to your advisor before making purchases, so that you receive all the relevant information and advice before making your decisions. If you have limited knowledge in analysing and finding the best stocks to buy, there are many fund managers that can assist with managing your portfolio and ensuring that you capitalise fully on your investments.



Sustaining our **growth**,
Investing in Jamaica, land we love.

COMPANY ANALYSIS

Wisynco Group Limited (WYS)

Executive Summary

WYS is a leading Jamaican manufacturing and distribution company, providing top brands of food, beverages and paper products. As the company strives to remain the premier distributor and manufacturer of food and beverages in Jamaica, it is constantly redefining and developing its brand categories to improve overall sales. The variety of these brands and package offerings the company has in its portfolio, provides the flexibility to reach all Jamaican consumers.

On December 28, 2017, WYS listed on the main market of the Jamaica Stock Exchange (JSE). This was subsequent to the company successfully raising $6 billion by way of an initial public offering (IPO), the largest IPO to date on the JSE. With this, the company intends to use the net proceeds to fund:

1.Expansion of its manufacturing capacity to facilitate growth in all current markets (export and local) for existing and future products.

2.Investment in more efficient modern internal power generation and utilization.

3.Potential strategic acquisitions - locally, regionally and internationally.

4.New distribution partnerships.

5.Expansion of the company's distribution fleet and infrastructure to support the build-out of its 'Route to Market' system.

6.The establishment of a western distribution centre.

7.Increase working capital to expand distribution arrangements through additional/new third-party brands in key categories not currently served by the company.

For the 2017 financial year (FY), WYS' revenue grew by 9 per cent to amount to $21.25 billion and is projected to increase approximately 18 per cent for the FY 2018 as a result of its newly acquired frozen and dry goods portfolio. For the nine months ended March 31, 2018, WYS reported a 15 per cent increase in revenue to total $18.06 million.

WYS' current ratio of 1.83 times indicates that the company is able to cover its short-term liabilities despite weakening over the past four years from a high of 2.10 times in 2015. Return on assets and equity has shown increasing trends over the prior four years. Return on average equity moved from 24.53 per cent in 2014 to 32.72 per cent in 2017, while return on average assets rose from 11.23 per cent in 2014 to 17.59 per cent in 2017.

For the 2017 FY end, WYS earnings per share (EPS) closed at $0.60 relative to $0.61 for the previous FY. For the ensuing FY (2018 FY), the year-end projected EPS is estimated at $0.59. for the nine months ended March 2018, the company booked an EPS of $0.46 (2017: $0.52). The stock currently trades around $9.99 as at May 18, 2018, and is projected at approximately $12.48 over the short to medium term based on expected earnings. As such, the stock is recommended as a HOLD at this time.

Economic Overview

SWOT ANALYSIS

STRENGTHS:
- Boasts a wide assortment of highly recognized brands within each segment of operation.
- Variety of brands provides the flexibility to reach all Jamaican consumers.
- Holds 90 per cent market share for all retail ice cream.
- Efficient Route-to-Market System.

WEAKNESSES:
- Company's revenue are dependent on the local eonomy.
- Company's revenue also are dependent on the local Tourism sector.

OPPORTUNITIES:
- New distribution partnerships.
- Further expansion in exports.
- Establishment of a western distribution centre.

THREATS:
- Slow economic growth could hinder sales revenue.
- Exsessive periods of rain could disrupt operations and impact net earnings.

OPERATIONAL ANALYSIS

WYS, headquartered in St. Catherine, was established in 1965. The primary activities of the company include the bottling and distribution of purified water and beverages and the manufacturing of a wide range of plastic and foam packing

Disclaimer

and disposable products mainly used in the retail, food service and tourism industry. At present, the company distributes 110 brands with over 4,000 different products.

WYS owns, manufactures and distributes a portfolio of popular beverage brands led by WATA and its extension of cranberry flavoured-WATA, BOOM Energy Drink and BIGGA Soft Drink. They also own and manufacture the SWEET brand range of plastic and foam disposable lunch boxes, plates and cups.

In addition to its owned brands, WYS is the exclusive bottler for the Coca-Cola Company in Jamaica and has been bottling Coca-Cola products for some 11 years. Additional third-party beverage brands manufactured by the company include SqueezZ and Hawaiian Punch. Their beverage portfolio is completed by Red Bull, Tru Juice Freshhh, Welch's, Mott's and Snapple. Whereas the company does not manufacture these brands, it distributes them across Jamaica through distribution partnerships with the respective brand owners. Recently, WYS has also acquired the Unilever frozen and dry goods portfolio and according to Mr Mahfood, "will make Wisynco the strongest retail ice cream distributor with about 90 per cent of all retail ice cream sold in Jamaica".

Table 1:1 WYS's Five Year Abridged P&L

Wisynco Group Limited (WYS) Profit & Loss For The Year Ended	Year End 2013	Year End 2014	Year End 2015	Year End 2016	Year End 2017	Change (%)	Change ($)
	$'000	$'000	$'000	$'000	$'000		$'000
Revenue	12,573,537	14,229,683	17,150,482	19,413,691	21,247,767	9%	1,834,076
Cost of Sales	-8,225,039	-9,384,206	-10,945,181	-11,676,741	-13,319,888	14%	-1,643,147
Gross Profit	4,348,498	4,845,477	6,205,301	7,736,950	7,927,879	2%	190,929
Other Operating Income	96,515	62,609	57,408	1,530,045	736,796	-52%	-793,249
Total expenses	-3,325,715	-3,803,501	-4,296,752	-4,926,400	-6,130,705	24%	-1,204,305
Operating Profit	1,119,298	1,104,585	1,965,957	3,023,205	2,533,970	-16%	-489,235
Finance costs	-107,517	-135,105	-176,717	-146,768	-169,746	16%	-22,978
Profit before taxation	1,097,988	1,002,416	1,857,574	3,000,784	2,524,189	-16%	-476,595
Taxation credit/(charge)	-296,328	-153,518	-380,551	-702,083	-286,312	-59%	415,771
Net Profit/(loss)	801,660	848,898	1,477,023	2,298,701	2,237,877	-3%	-60,824
Earnings Per Share	0.21	0.23	0.39	0.61	0.60	-3%	-0.02
Shares O/S	3,750,000,000						

Over the last five years, WYS' revenues have seen an upward trend, moving from $12.57 billion in 2013 to $21.25 billion in 2017, a compounded annual growth rate (CAGR) of 14 per cent. Cost of sales over the past five years has moved from $8.22 billion in 2013 to $13.32 billion in 2017. This reflects a CAGR of 13 per cent. Year over year cost of sales increased 14 per cent from $11.68 billion in 2016 to total the $13.32 billion booked in 2017. Consequently, gross profit for the year ended June 30, 2017, closed at $7.93 billion, a 2 per cent increase from the $7.74 billion recorded a year ago. Over the past five years, gross profit has grown by a CAGR of 13 per cent, from $4.35 billion in 2013. As for expenses, WYS' year over year total expenses rose 24 per cent, to close at $6.13 billion from the $4.93 billion recorded in 2016.

WYS' other operating income, which primarily comprises rebates received and the sale of miscellaneous items, increased by a CAGR of 66 per cent over the past five years. Notably, WYS' other operating income declined 52 per cent year over year to total $736.80 million (2016: $1.53 billion).

Notwithstanding this, operating profit for the past five years has grown by 23 per cent. However year over year operating profit declined by 16 per cent to close the 2017 year end at $2.53 billion, relative to the $3.02 billion recorded for the comparable period in 2016. In addition, profit before taxation closed the 2017 year at $2.52 billion, declining 16 per cent year over year (2016: $3.00 billion).

Profitability for the past five years reflects an increasing trend, growing by a CAGR of 29 per cent. WYS' net profits has moved from $801.66 million in 2013 to $2.24 billion in 2017(2016: $2.30 billion). EPS for the year ended June 30, 2107, amounted to $0.60 (2016: $0.61). The total number of shares used in the calculations was 3,750,000,000.

Graph 1.1: Wisynco's Five Year Profitability

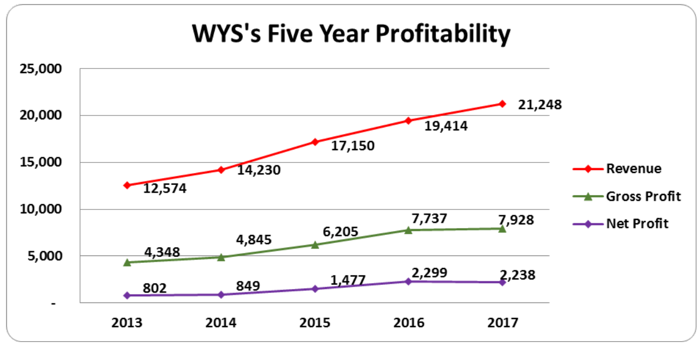


Table 2.1: WYS's Revenue Growth and Profitability over the past five years

WYS's Revenue Growth & Profitability Over The Past Five Years	2013	2014	2015	2016	2017
Turnover Growth	-	13%	21%	13%	9%
Cost of Sales margin	-65%	-66%	-64%	-60%	-63%
Gross Profit Margin	35%	34%	36%	40%	37%
Operating Expense Margin	-4%	-5%	-5%	-4%	-4%
Pre-tax Profit Margin	9%	7%	11%	15%	12%
Net Profit Margin	6%	6%	9%	12%	11%

Over the past four FYs, WYS' most significant growth in revenue occurred in 2015, with turnover rising by 21 per cent compared to the growth of 13 per cent the prior year. Turnover for the company increased 9 per cent in 2017 relative to 2016's growth of 13 per cent. On average, however, the company has managed to maintain a 10 per cent growth rate over the last four years.

Additionally, WYS is able to manage its expenses as both its cost of sales and operating expense margins declined from 66 per cent and 5 per cent respectively in 2014 to 63 per cent and 4 per cent respectively in 2017. This also shows that company has implemented effective cost containment initiatives.

This led to an increase in the gross profit margins over the years from 35 per cent in 2013 to 37 per cent in 2017 and ultimately facilitated an increased growth rate in the company's pre-tax margin and net profit margin over the 5 five year period. Year over year, the company's pre-tax profit margin and net profit margin both witnessed increases of 12 per cent and 11 per cent when compared with 2016.

Table 3.1: Wisynco's Balance Sheet as at June 30, 2017

Wisynco Group Limited (WYS) Balance Sheet For The Year Ended	Year End 2013	Year End 2014	Year End 2015	Year End 2016	Year End 2017	Change (%)	Change ($)
	$'000	$'000	$'000	$'000	$'000		$'000
Total Assets	7,022,720	8,102,099	9,078,704	11,743,742	13,694,692	17%	1,950,950
Non-Current Assets	2,830,905	3,191,354	3,477,319	3,970,939	7,438,257	87%	3,467,318
Current Assets	4,191,815	4,910,745	5,601,385	7,772,803	6,256,435	-20%	-1,516,368
Total Liabilities	3,903,231	4,300,812	4,362,101	5,621,411	6,134,392	9%	512,981
Non-Current Liabilities	1,476,687	1,707,723	1,388,596	1,384,259	2,077,765	50%	693,506
Current Liabilities	2,426,544	2,593,089	2,973,505	4,237,152	4,056,627	-4%	-180,525
Equity	3,119,489	3,801,287	4,716,603	6,122,331	7,560,300	23%	1,437,969

COMPANY ANALYSIS

Wisynco Group Limited (WYS)

WYS's Balance Sheet Analysis

The company reported a general increase in total assets and liabilities on its balance sheet as at June 2017. Total assets increased from a total of $11.74 billion in 2016 to $13.70 billion in 2017, a 17 per cent increase year over year. The growth in assets was driven mainly by an increase in property, plant and equipment, which closed at $5.17 billion (2016: $3.15 billion). Inventories and investment in associates also contributed to the overall growth in the asset base, with a 24 per cent and 55 per cent growth respectively to close at $1.96 billion (2016: $1.58 billion) and $664.85 million (2016: $429.50 million).

Shareholders' equity amounted to $7.56 billion compared to equity of $6.12 billion reported in 2016. This reflects a steady increase from the $3.12 billion reported in 2013.

Total liabilities over the past five years reflect an upward trend, climbing from $3.90 billion in 2013 to $6.13 billion in 2017 (2016: $5.62 billion). Current liabilities amounted to $4.06 billion, a 4 per cent decline year over year compared to $4.24 billion in 2016, due to a 5 per cent contraction in trade and other payables. Trade and other payables declined from $3.36 billion in 2016 to $3.19 billion in 2017. Notably, the company's long-term borrowings increased in 2017, from $872.05 million in 2016 to total $1.86 billion, a 114 per cent increase over the prior twelve months.

Table 4.1: WYS's Turnover Ratios:

WYS				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	9.33	10.22	9.38	9.74
Avg. Accounts Payables Turnover	4.91	5.24	4.29	4.18
Avg. Inventory Turnover	5.54	6.86	7.77	7.54
Asset Turnover (Times)	1.88	2.00	1.86	1.67
Days of Inventory on Hand	65.92	53.24	46.97	48.44
Day Sales Outstanding	39.12	35.71	38.91	37.49
Days Payable Outstanding	74.31	69.71	85.14	87.25

Ratio Analysis

The accounts receivables turnover ratio for WYS has fluctuated over the last 4 years, ranging from 9.33 times to 10.22 times. For 2017, the accounts receivables turnover increased to 9.74 times up from 9.38 times in 2016. The day's sales outstanding ratio decreased from 39.12 days in 2014 to 37.49 days in 2017, indicating the length of time it takes WYS to collect receivables after a sale has been made.

The accounts payable turnover ratio declined from 5.24 times in 2015 to 4.18 times in 2017, signifying the rate at which WYS pays off its suppliers. The day's payable outstanding ratio increased from 69.71 days in 2015 to 87.25 days in 2017, showing that it takes WYS approximately 87.25 days to pay its invoices from suppliers.

WYS, however, showed an improvement in efficiency, as its inventory turnover ratio increased from 5.54 times in 2014 to 7.54 times in 2017. This indicates that the company can turnover its total inventory 7.54 times a year. Accordingly, the days of inventory on hand ratio decreased over the last four years, moving from 65.92 days in 2014 to 48.44 days in 2017. This illustrates that it takes WYS 48.44 days to turn its inventory into sales relative to 46.97 days in 2016. WYS' asset turnover ratio as at June 30, 2017, was 1.67 times, indicating WYS' efficiency in deploying its assets in generating revenues.

Table 5.1: WYS's Ratios Relative to Peers

BRG				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	7.16	6.41	6.46	6.56
Avg. Accounts Payables Turnover	4.46	3.70	3.74	3.99
Avg. Inventory Turnover	2.99	2.80	3.16	3.43
Asset Turnover (Times)	1.95	1.91	1.84	1.78
Days of Inventory on Hand	121.91	130.35	115.64	106.30
Day Sales Outstanding	51.01	56.97	56.49	55.65
Days Payable Outstanding	81.82	98.67	97.54	91.39
CCC				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	11.52	11.38	18.19	28.35
Avg. Accounts Payables Turnover	6.15	5.73	4.92	5.02
Avg. Inventory Turnover	4.95	4.82	5.36	7.58
Asset Turnover (Times)	1.54	1.51	1.48	1.46
Days of Inventory on Hand	73.75	75.68	68.06	48.14
Day Sales Outstanding	31.68	32.07	20.06	12.87
Days Payable Outstanding	59.39	63.75	74.24	72.74
INDUSTRY				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	8.40	8.60	9.78	10.99
Avg. Accounts Payables Turnover	6.60	6.42	5.10	4.92
Avg. Inventory Turnover	4.68	4.87	5.24	5.61
Asset Turnover (Times)	1.48	1.46	1.44	1.42
Days of Inventory on Hand	94.35	97.05	93.41	78.16
Day Sales Outstanding	50.87	50.97	44.57	53.29
Days Payable Outstanding	60.01	61.91	76.96	87.55
JBG				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	12.56	12.60	12.70	12.98
Avg. Accounts Payables Turnover	10.66	8.26	8.29	8.78
Avg. Inventory Turnover	7.31	6.95	6.84	6.90
Asset Turnover (Times)	1.63	1.61	1.64	1.71
Days of Inventory on Hand	49.92	52.53	53.35	52.88
Day Sales Outstanding	29.06	28.97	28.75	28.12
Days Payable Outstanding	34.25	44.21	44.05	41.55
SALF				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	3.95	3.54	6.41	5.14
Avg. Accounts Payables Turnover	5.97	8.86	5.49	5.33
Avg. Inventory Turnover	1.96	1.74	1.65	2.44
Asset Turnover (Times)	0.87	0.77	0.86	0.92
Days of Inventory on Hand	186.47	210.07	221.85	149.64
Day Sales Outstanding	92.37	103.10	56.91	71.04
Days Payable Outstanding	61.12	41.18	66.45	68.47
SEP				
Financial Year	2014	2015	2016	2017
Avg. Accounts Receivables Turnover	5.89	7.45	5.51	3.19
Avg. Accounts Payables Turnover	7.43	6.77	3.87	2.23
Avg. Inventory Turnover	5.36	6.04	6.69	5.74
Asset Turnover (Times)	1.01	0.93	0.96	1.00
Days of Inventory on Hand	68.13	60.44	54.59	63.57
Day Sales Outstanding	61.97	48.99	66.29	114.54
Days Payable Outstanding	49.14	53.94	94.36	163.92

Compared to the companies within the manufacturing sector, WYS' days sales outstanding ratio is consistently lower than the average industry ratio for the four years under review (2014 - 2017), averaging 37.81 days to collect receivables after a sale has been made (industry average: 49.92 days).

For the same four year period under review, WYS maintains an average inventory turnover ratio of 6.92 times -- above the industry average of 5.10 times. WYS, however, remains slightly above the industry average for their day's payable outstanding ratio, averaging 79.10 days to pay its invoices from suppliers compared to the industry's average of 71.61 days. It, however, maintains accounts receivable turnover ratio in line with the industry average, averaging 9.67 times (industry average: 9.44 times).

Though WYS has seen an improvement in its asset turnover ratio over the four year period, it is however still above the industry ratio, averaging 1.85 times compared to the industry average ratio of 1.45 times.

Table 6.1: WYS's Liquidity and Cash Conversion compared to other Manufacturing peers

WYS	FY2014	FY2015	FY2016	FY2017
Current Ratio	2.07	2.10	1.83	1.83
Cash Conversion Cycle	30.73	19.24	0.74	-1.32
BRG	FY2014	FY2015	FY2016	FY2017
Current Ratio	2.33	2.19	2.32	2.99
Cash Conversion Cycle	91.10	88.65	74.59	70.55
CCC	FY2014	FY2015	FY2016	FY2017
Current Ratio	1.19	1.31	1.40	1.25
Cash Conversion Cycle	46.04	44.00	13.88	-11.73
JBG	FY2014	FY2015	FY2016	FY2017
Current Ratio	1.74	1.69	2.19	2.33
Cash Conversion Cycle	44.72	37.30	38.05	39.45
SALF	FY2014	FY2015	FY2016	FY2017
Current Ratio	5.95	9.32	5.30	6.31
Cash Conversion Cycle	217.72	271.99	212.31	152.21
SEP	FY2014	FY2015	FY2016	FY2017
Current Ratio	2.62	1.83	1.11	1.39
Cash Convesion Cycle	80.96	55.49	26.52	18.39
INDUSTRY	FY2014	FY2015	FY2016	FY2017
Current Ratio	2.65	3.07	2.36	2.68
Cash Convesion Cycle	85.21	86.11	61.02	44.59

WYS' Cash Conversion Cycle (CCC) for the last four years has vastly declined from 30.73 days in 2014 to a negative CCC of 1.32 days. Not all companies can achieve a negative cash conversion cycle due to the nature of the products of consumers. This negative cycle illustrates that the company may not pay for its inventory or materials until after it has sold the final product associated with them. In other words, WYS is using its working capital as efficiently as possible and have available cash for other needs. Additionally, for the same period, 2014 to 2017, WYS maintains a CCC ratio significantly below to the industry ratio, averaging 12.35 days for the four year period compared to the average industry ratio of 69.23 days for the same period.

Assessment of WYS' current ratio indicates that the company has the ability to cover its short-term obligations with its current assets. The company's ratio, however, decreased from 2.07 in 2014 to 1.83 in 2017, a slight decrease from 2016's current ratio of 1.83. This current ratio is above the industry average of 2.68 for 2017.

Table 7.1: Wisynco's Leverage Ratios compared to other Manufacturing peers

	WYS			
Financial Year	2014	2015	2016	2017
Debt to Equity	43.20%	29.70%	19.81%	30.39%
Debt to Assets	20.27%	15.43%	10.33%	16.76%
Return on Equity	24.53%	34.68%	42.42%	32.72%
Return on Assets	11.23%	17.19%	22.08%	17.59%
	BRG			
Financial Year	2014	2015	2016	2017
Debt to Equity	5.04%	2.81%	2.66%	1.55%
Debt to Assets	2.44%	1.52%	1.52%	1.01%
Return on Equity	11.99%	13.39%	19.68%	38.34%
Return on Assets	6.17%	6.90%	10.97%	23.75%
	CCC			
Financial Year	2014	2015	2016	2017
Debt to Equity	51.76%	26.65%	1.34%	0.02%
Debt to Assets	26.44%	15.81%	1.00%	0.01%
Return on Equity	2.88%	27.30%	18.36%	13.74%
Return on Assets	1.49%	15.14%	12.24%	10.14%
	JBG			
Financial Year	2014	2015	2016	2017
Debt to Equity	58.97%	55.76%	54.04%	53.42%
Debt to Assets	30.47%	28.16%	29.04%	28.04%
Return on Equity	9.11%	9.21%	17.10%	16.46%
Return on Assets	4.85%	4.70%	8.92%	8.74%
	SALF			
Financial Year	2014	2015	2016	2017
Debt to Equity	4.88%	4.89%	8.54%	6.47%
Debt to Assets	4.13%	4.32%	7.07%	5.43%
Return on Equity	12.07%	3.61%	8.25%	7.29%
Return on Assets	10.62%	12.07%	3.61%	8.25%
	SEP			
Financial Year	2014	2015	2016	2017
Debt to Equity	24.06%	30.30%	13.56%	22.98%
Debt to Assets	16.79%	19.43%	7.24%	14.05%
Return on Equity	9.43%	5.85%	9.15%	7.65%
Return on Assets	6.44%	3.91%	5.35%	4.37%

As at June 30, 2017, it was evident that WYS maintained a slight preference for the use of equity in the financing of its operations as opposed to debt, as WYS' debt to equity ratio averaged 30.78 per cent for the past four years (2014 to 2017) above the industry average of 23.03 per cent for the same time period. The company's debt to equity ratio for the FY 2017 was 30.39 per cent, also above the industry average of 19.14 per cent for 2017. Its debt to assets ratio was 16.76 per cent in 2017, increasing from 10.33 per cent in 2016.

WYS generated a return on equity of 32.72 per cent in 2017 relative to the 42.42 per cent in 2016. On average, WYS has a return on equity of 33.59 per cent for the last four years, above the industry average of 16.47 per cent for the same time period. Notably, compared to other companies within the manufacturing sector, WYS not only generated the highest return on equity of 33.59 per cent for 2017 but constantly generated the highest ROE for the period 2014-2017.

WYS' return on assets was 17.59 per cent in 2017, a decrease from 22.08 per cent in 2016. The company has an average return on assets of 17.02 per cent for the last four year, also above the industry average of 9.86 per cent for the same period.

Table 8:1 WYS's Performance Year to Date

Wisynco Group Limited (WYS)				
Profit & Loss For The Year Ended	Nine months ended Mar-17	Nine months ended Mar-18	Change (%)	Change ($)
	$'000	$'000		$'000
Revenue	15,752,100	18,058,954	15%	2,306,854
Cost of Sales	-10,095,531	-11,324,183	12%	-1,228,652
Gross Profit	5,656,569	6,734,771	19%	1,078,202
Other Operating Income	667,674	52,330	-92%	-615,344
Total expenses	-4,074,058	-4,513,869	11%	-439,811
Operating Profit	2,250,185	2,273,232	1%	23,047
Finance costs	-119,141	-177,107	49%	-57,966
Profit before taxation	2,256,018	2,146,677	-5%	-109,341
Taxation credit/(charge)	-431,805	-460,919	7%	-29,114
Net Profit/(loss)	1,957,231	1,727,313	-12%	-229,918
Earnings Per Share	0.52	0.46	-12%	-0.06

WYS reported total revenue of $18.06 billion for the nine months ended March 31, 2018, a 14.6 per cent or $2.31 billion increase when compared to the $15.75 billion reported for the same period in 2017. According to the company, "The third quarter normally represents lower demand for beverages due to the cooler climate in January to March period which results in lower production and inefficient overhead absorption as compared to periods of higher demand".

Cost of sales for the period amounted to $11.32 billion, up 12.2 per cent relative to $10.09 billion reported in 2017. Consequently, gross profit rose 19.1 per cent to close at $6.73 billion compared to the $5.66 billion for the same period a year earlier.

Total expenses for the nine months rose 10.8 per cent to close at $4.51 billion (2017: $4.07 billion). Of total expenses, selling and distribution expenses climbed 9.7 per cent to total $3.92 billion (2017: $3.57 billion), while administrative expenses increased 19.0 per cent to $594.15 million (2017: $499.38 million). According to WYS, "Wisynco also conducts preventative maintenance in the 3rd quarter of each Fiscal Year which results in some additional production expenses to ensure continuous efficiencies. The construction of our cold storage facilities continues, and the expectation is now for completion at the end of the 4th quarter which should result in reduced operating cost and improved service levels". As such, WYS booked a 1 per cent increase in operating profit to $2.27 billion (2017: $2.25 billion).

Finance income for the period amounted to $50.55 million, down 59.5 per cent from the $124.97 million reported for the corresponding period in 2017. Finance costs increased 48.7 per cent to $177.12 million for the period from $119.14 million for 2017. Profit before taxation amounted to $2.15 billion, relative to $2.26 billion reported in 2017, a 4.8 per cent decline year over year. Taxation for the period amounted to $460.92 million (2017: $431.80 million). Profit from continuing operation amounted to $1.69 billion relative to $1.82 billion booked for the comparable period in 2017. Profit from discontinued operations totalled $41.56 million versus $133.02 million in 2017. As such, net profit of $1.73 billion (2017: $1.96 billion) was posted for the nine months ended March 31, 2018, representing a 11.7 per cent decline year over year. Net profit for the third quarter amounted to $504.28 million relative to $820.24 million in 2017, a 38.5 per cent decline year over year.

Earnings per share (EPS) for the nine months was $0.46 (2017: $0.52). The twelve-month trailing EPS was $0.51. The number of shares used in our calculations is 3,750,000,000. WYS' stock price closed the trading period on May 10, 2018, at $10.32.

Graph 2.1: Price History

The company's stock listed at $7.87 per share. Since its listing, WYS' stock price has appreciated 0.91 per cent, however depreciated 21 per cent year to date to close the trading period on May 18, 2018, at a price of $9.99.

Table 9.1: Wisynco's Abridged P&L and 2018 Projection

Wisynco Group Limited (WYS) P&L and Projection				
Profit & Loss For The Year Ended	Year End Jun-17	Proj. Year End Jun-18	Change (%)	Change ($)
	$'000	$'000		$'000
Turnover	21,247,767	24,434,932	15%	3,187,165
Cost of Sales	-13,319,888	-15,076,353	13%	-1,756,465
Gross Profit	7,927,879	9,358,579	18%	1,430,700
Other Operating Income	736,796	69,773	-91%	-667,023
Total expenses	-6,130,705	-6,525,831	6%	-395,126
Operating Profit	2,533,970	2,902,522	15%	368,552
Finance costs	-169,746	-236,143	39%	-66,397
Profit before taxation	2,524,189	2,733,782	8%	209,593
Taxation credit/(charge)	-286,312	-574,094	101%	-287,782
Net Profit/(loss)	2,237,877	2,201,243	-2%	-36,634
Earnings Per Share	0.60	0.59	-2%	-0.01

Future Outlook for FY 2018

We anticipate the following for WYS:

•Total revenue is projected to improve by 15 per cent for the full year compared to 9 per cent last year and 14 per cent over the last three years. Revenue growth is being supported by management's intention to grow the business using the net proceeds from the recent IPO. In addition, WYS has now taken over the Unilever frozen and dry goods portfolio which should also assist in boosting its revenue. Year to date, revenue has increased approximately 15 per cent.

•Cost of sales (COS) is estimated to grow for FY 2018 using a COS margin of 62 per cent, consistent with the average over the last 3 financial years. The estimated increase is relative to the 14 per cent increase in FY 2017 and a 7 per cent increase in FY 2016. Consequently, the company's gross profit is expected to increase accordingly for FY 2018, due primarily to the expansions in the company's core business.

•Total expenses are expected to increase in 2018 following their intention to expand, announced in the company's IPO prospectus.

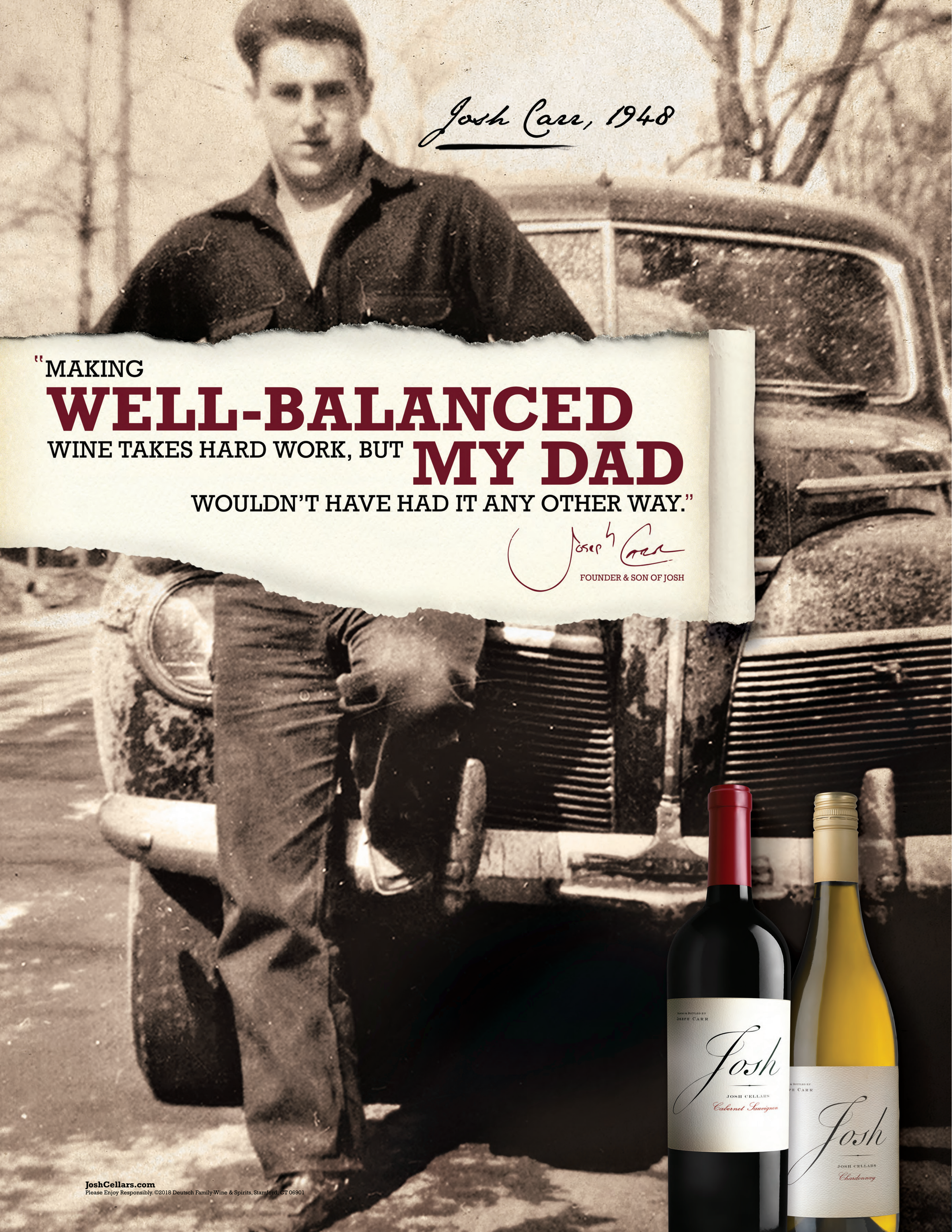
•Thus, WYS' projected earnings per shares (EPS) is forecasted at $0.59 compared to $0.60 booked for the 2017 FY (2016: $0.61). WYS' stock price closed the trading period on May 18, 2018, at a price of $9.99, which is below its valuation based on expected earnings of $12.48 in the short to medium term. As such, the stock is recommended as a HOLD at this time.

Conclusion

WYS was established in 1945 and has transformed into a leading Jamaican manufacturing and distribution company. On December 28, 2017, the company listed on the main market of the JSE, subsequent to the company raising the largest sum of money in a local IPO of $6 billion on the JSE. With this, the company intends to use the proceeds to fund its distribution fleet and infrastructure, as well as expand its manufacturing capacity to drive growth in all current markets. Currently, the company distributes 110 brands in Jamaica with over 4,000 different products.

WYS reported revenues of $21.25 billion for FY 2017 and profit attributable to shareholders of $2.24 billion. Over the years, the company showed an improvement in efficiency, as its inventory turnover ratio increased from 5.54 times in 2014 to 7.54 times in 2017. Its current ratio of 1.83 times shows the company's ability to cover its short-term liabilities. Additionally, the company had a negative cash conversion cycle, indicating that the company is getting paid by its customers long before it pays its suppliers.

For the 2017 year end, WYS' EPS was $0.60 (2016: $0.61), while year-end projected EPS is $0.59. For the nine months ended March 2018, WYS produced an EPS of $0.46 relative to $0.52 a year earlier. The stock currently trades around $9.99 as at May 18, 2018, below its valuation based on projected earnings. As such, the stock is recommended as a HOLD at this time.


Josh Carr, 1948
"MAKING
WELL-BALANCED
WINE TAKES HARD WORK, BUT MY DAD
WOULDN'T HAVE HAD IT ANY OTHER WAY."
Joseph Carr
FOUNDER & SON OF JOSH
JOSEPH CARR
Josh
JOSH CELLARS
Cabernet Sauvignon
Josh
JOSH CELLARS
Chardonnay
JoshCellars.com
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FORUM HIGHLIGHTS

FOR APRIL 2018

Mayberry's Chief Executive Officer, Gary Peart, shares a light moment with Dr David Lowe, Chief Executive Officer of Caribbean Producers Jamaica Limited (CPJ), after the evening's presentation.

Tania Waldron-Gooden, Mayberry's Director of Investment Banking greets Dr Lowe before his presentation.

Sherace Pinnock, Investment Advisor and host for the evening during her opening remarks.

Dr Lowe during his presentation on the company's performance.

The audience listens attentively to the discussion on CPJ's performance.

Audience member, Leon Franscique poses a question to Dr Lowe during the programme's Q & A.

Mayberry Investment Advisor, Davia Knox Campbell, presents Dr Lowe with a token of appreciation.

ECONOMIC HIGHLIGHTS

ECONOMIC HIGHLIGHTS FOR APRIL 2018

	March 2018	April 2018	Change
91 Days Treasury Bills Avg. Yield (%)	2.977	2.818	- 0.158
182 Days Treasury Bills Avg. Yield (%)	3.172	2.979	- 0.192
Exchange Rate (US$:J$)	127.72	125.35	-2.37
Net International Reserves (NIR) (US$M)	3,074.57	3,106.57	32.00

Net International Reserves

Jamaica's Net International Reserves (NIR) totaled US$3,106.57 million as at April 2018, reflecting an increase of US$32.00 million relative to the US$3,074.57 million reported as at the end of March 2018.

Changes in the NIR resulted from an increase in foreign assets of US$25.75 million to total US$3,682.66 million, compared to the US$3,656.91 million reported for March 2018. Currency & deposits contributed the most to the increase in foreign assets. Currency & deposits as at April 2018 totaled US$3,088.21 million reflecting an increase of US$27.97 million, compared to US$3,060.24 million booked as at March 2018.

Securities amounted to US$323.57 million; US$0.71 million more than the US$322.86 million reported in March 2018. Foreign liabilities for April 2018 amounted to US$576.09 million compared to the US$582.35 million reported for March 2018. Liabilities to the International Monetary Fund (IMF) accounted for 100 per cent of total foreign liabilities, reflecting a US$6.25 million decline month over month from March 2018.

At its current value, the NIR is US$257.70 million more than its total of US$2,848.87 million as at the end of April 2017. The current reserve is able to support approximately 36.08 weeks of goods imports or 21.44 weeks of goods and services imports.

The country had surpassed the benchmark of US$2.54 billion outlined by the IMF for March 2018. Under the new agreement, the IMF noted, "Considerable progress has been achieved on macroeconomic policies and outcomes. Fiscal discipline anchored by the fiscal responsibility law has been essential to reducing public debt and secure macroeconomic stability. Employment is at historic highs, inflation and the current account deficit are modest, international reserves are at a comfortable level, and external borrowing costs are at historical lows".

All performance criteria for the period ended December 2017 were met. The IMF further noted, "Financial sector stability is a prerequisite for strong and sustained growth. Ongoing prudential and supervisory improvements will enhance systemic stability". "Continued reform implementation will not only safeguard hard-won gains but also deliver stronger growth and job creation". NIR target outlined as per the new agreement for the 2018/19 fiscal year is US$3.22 billion. As at April 2018, the country is US$0.11 million below targeted amount.

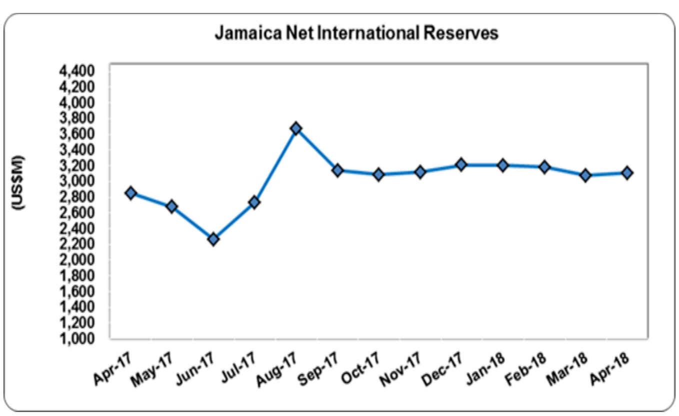

Figure 1

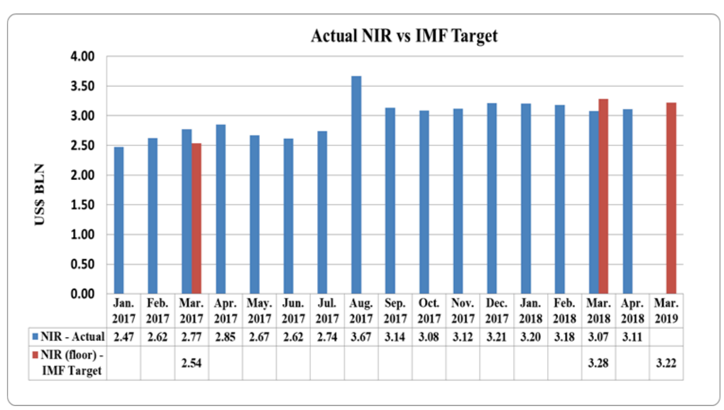

Figure 2

Jamaica Monthly Equity Market Report for April 2018

Main JSE Index: 299, 658.77 points
Point Movement: 5,125.67 points
Percentage Change: 1.74%

Advance Decline Ratio: Positive
Advancers: 19 **Decliners**: 17
Traded Firm: 3

Junior JSE Index: 2988.82 points
Point Movement: 30.31 points
Percentage Change: 1.02%

Advance Decline Ratio: Negative
Advancers: 14 **Decliners**: 20
Traded Firm: 3

Major Winners (Main & Junior)		
Stock	**Increase**	**Closing Price**
Derrimon Trading Limited	33.16%	$10.00
Portland JSX Limited	31.65%	$11.19
Kingston Wharves	25.03%	$50.00
Major Losers (Main & Junior)		
Stock	**Decrease**	**Closing Price**
Key Insurance Company Limited	-24.73%	$3.50
Gwest Corporation Limited	-22.44%	$2.42
Palace Amusement Company Limited	-22.00%	$780.00

Total Shares Traded (Main): 338.86 million units
Total value (Main): Approx. $3.13 billion

Volume Leaders (Main)		
Stock	**Units Traded**	**Market Volume**
JMMB Group 7.25% VR JMD CR Preference shares	100,145,000	29.55%
Wisynco Group Limited	24,927,742	7.36%
Ciboney Group Limited	24,665,632	7.28%

BUY HOLD SELL

Salada Foods Jamaica Ltd. (SALF)

For the six months ended December 31, 2017

BUY

•Salada Foods, recorded a 19 per cent increase in turnover for the six months to close at $482.27 million (2017: $404.38 million). For the second quarter, revenues amounted to $254.51 million (2017: $209.10 million), a 22 per cent rise. SALF also noted, "Exports have begun to show signs of recovery growing by 26 per cent in comparison to prior year's results".

•Cost of sales for the six months increased by 12 per cent to close the period at $291.04 million relative to $259.92 million in 2017. As such, gross profit amounted to $191.23 million, a 32 per cent increase year over year from the $144.46 million booked in the prior year. Gross profit for the second quarter posted a 31 per cent growth to close at $106.76 million relative to $81.67 million booked for the comparable quarter in 2017.

•Other operating income for the first six months amounted to $2.03 million relative to the loss of $2.11 booked in 2017.

•Administrative expenses rose by 0.1 per cent to $61.06 million (2017: $61.01 million), while selling and promotional expense fell 10% from $27.55 million in 2017 to $24.83 million.

•Consequently, this resulted in an operating profit of $107.37 million, up 100 per cent compared with the $53.79 million reported for the corresponding six months for a prior year.

•The company reported net finance loss of $52,000 for the period; this compares to the net finance income of $7.68 million for the same period in 2017.

•Profit before taxation increased by 75 per cent to $107.32 million versus $61.47 million booked for the previous year's corresponding period.

•For the six months ended March 31, 2018 net profit climbed significantly by 79 per cent, from $44.91 million in 2017 to $80.28 million, whilst net profit for the quarter rose by 94 per cent to $53.51 million in 2018 relative to $27.61 million in 2017.

•Earnings per stock unit for the six months amounted to $0.78 (2016: $0.45). The earnings per share (EPS) for the second quarter was $0.52 (2017: $0.27). The trailing twelve month EPS is $1.00. SALF stock price closed the trading period on May 11, 2018 at a price of $11.26.

Wisynco Group Limited (WISYNCO)

For the year ended March 31, 2018

HOLD

•Wisynco Group Limited reported total revenue of $18.06 billion for the nine months ended March 31, 2018, a 14.6 per cent or $2.31 billion increase when compared with the $15.75 billion reported for the same period in 2017. Total revenues for the quarter amounted to $5.82 billion reflecting an increase of 13.5 per cent over the $5.13 billion achieved in the corresponding quarter of the previous year.

•Cost of sales for the period amounted to $11.32 billion, up 12.2 per cent relative to $10.09 billion reported in 2017. Consequently, gross profit rose 19.1 per cent to close at $6.73 billion compared to the $5.66 billion for the same period a year earlier.

•Total expenses for the nine months rose 10.8 per cent to close at $4.51 billion (2017: $4.07 billion). Of total expenses, selling and distribution expenses climbed 9.7 per cent to total $3.92 billion (2017: $3.57 billion), while administrative expenses increased 19.0 per cent to $594.15 million (2017: $499.38 million). Total expenses for the third quarter rose 4.4 per cent to $1.51 billion (2017: $1.44 billion). Other income for the nine months contracted 92.2 per cent to $52.33 million (2017: $667.67 million).

•As such, WISYNCO booked a 1 per cent increase in operating profit to $2.27 billion (2017: $2.25 billion).

•Finance income for the period amounted to $50.55 million, down 59.5 per cent from the $124.97 million reported for the corresponding period in 2017. Contact was made with Wisynco with regards to this decline in other income, the CEO was, however, unavailable at the time. Finance costs increased 48.7 per cent to $177.12 million for the period from $119.14 million for 2017.

•Profit before taxation amounted to $2.15 billion, relative to $2.26 billion reported in 2017, a 4.8 per cent decline year over year. Taxation for the period amounted to $460.92 million (2017: $431.80 million). Profit from continuing operation amounted to $1.69 billion relative to $1.82 billion booked for the comparable period in 2017. Profit from discontinued operations totalled $41.56 million versus $133.02 million in 2017. As such, net profit of $1.73 billion (2017: $1.96 billion) was posted for the nine months ended March 31, 2018, representing an 11.7per cent decline year over year. Net profit for the third quarter amounted to $504.28 million relative to $820.24 million in 2017, a 38.5 per cent decline year over year.

•Earnings per share (EPS) for the quarter amounted to $0.13 (2017: $0.22), while the EPS for the nine months amounted to $0.46 (2017: $0.52). The twelve-month trailing EPS amounted to $0.51. The number of shares used in our calculations is 3,750,000,000. Notably, WISYNCO's stock price closed the trading period on May 10, 2018, at $10.32.

tTech Limited (TTECH)

For the 3 months ended March 31 2018

SELL

•Operating revenues for the period increased by 23 per cent to $69.82 million compared to $56.59 million for the corresponding period last year. tTech highlighted, "Our consulting team closed on a major portfolio and project Management services contract and closed strategic IT planning services contracts with new costumers".

•Cost of sales for the period increased 87 per cent to total $17.42 million, up from $9.30 million recorded for the comparable period last year. As such, gross profit amounted to $52.39 million, an 11 per cent increase from $47.29 million recorded in 2017.

•Operating expenses increased by 7 per cent to $46.24 million up from $43.33 million for March 2017. The growth was due primarily to, "support and maintenance cost of our new professional services automation (PSA) tools and additional subcontractors to help us execute the new consulting contracts". Of total expenses, administrative expenses increased 8 per cent to $39.98 million (2017: $37.06 million) whilst other operating expenses remained relatively flat at $6.26 million (2017: $6.27 million)

•Other income year over year posted a 7 per cent improvement to $573,000 (2017: $538,000).

•Consequently, profit before tax decreased by 50 per cent from $4.50 million to $6.73 million. No taxes were recorded for the period, thus net profit for the three months ended March 31, 2018, was reported at $6.73 million, an increase of 50 per cent on the prior year's corresponding period of $4.50 million.

•Earnings per share (EPS) for the quarter amounted to $0.06 (2017: $0.04). The twelve-month trailing EPS amounted to $0.20. The number of shares used in our calculations is 106,000,000. Notably, tTech's stock price closed the trading period on May 11, 2018, at $5.87.

Rating System

BUY: We believe the stock is attractively valued. The company has sound or improving fundamentals that should allow it to outperform the broader market. We anticipate that the stock will outperform the market over the next 12 months. The risk factors to achieving price targets are minimal.

HOLD: We believe the stock is fairly valued at the current price. The company may have issues affecting fundamentals that could take some time to resolve. Alternatively, company fundamentals may be sound, but this is fully reflected in the current stock price. The risk factors to achieving price targets are moderate. Some volatility is expected. In addition, technically, it may be difficult to attain additional volume of the stock(s) at current price.

SELL: We believe the stock is overpriced relative to the soundness of the company's fundamentals and long-term prospects.

SPECULATIVE BUY: We believe the prospect for capital appreciation exists, however, there is some level of uncertainty in revenue growth.