



STRATEGIC INVESTING



“**Couples Tower Isle** gave rise to the fully all inclusive resort in Jamaica in 1978”.

Glenn Lawrence
CEO of House of Issa

At the finale of the **2019 Mayberry Investor Forum Series** held on November 21, at the Knutsford Court Hotel, featured our **guest speaker, Glenn Lawrence**, Chief Executive Officer, House of Issa, informed our audience on The Company: Couples Resorts.

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Sales Inquiries
sales@mayberryinv.com



General & Sales Inquiries
(876) 929-1908-9



Fax
(876) 929-1501



@mayberryinvja



www.facebook.com/mayberryinvja

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BUY.HOLD.SELL

EDITOR-IN-CHIEF

STEPHANIE HARRISON
DIGITAL MARKETING MANAGER
stephanie.harrison@mayberryinv.com
marketing@mayberryinv.com

CONTRIBUTORS

ROCHELLE MUNCEY, RESEARCH ANALYST
rochelle.muncey@mayberryinv.com

KIMBERLY JAMES, ASSISTANT MANAGER
RESEARCH AND INVESTMENT BANKING PROJECTS
kimberly.james@mayberryinv.com

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website: www.mayberryinv.com

NOVEMBER 2019

CEO CORNER

GARY PEART

CEO of Mayberry Investments
gary.peart@mayberry



The Growth of the Jamaican Economy

Jamaica has long been seen as an upper-middle-income country, bearing the weight of low growth coupled with high public debt and external shocks. These ailing factors contributed to the weakening of the economy. For instance, over the past three decades, economic activity increased sluggishly on a yearly basis, earning Jamaica the label of being one of the slowest growing developing countries in the world.

Recent years, however, have seen major improvements that can be identified through inflation, national productivity, and the recent activities in the foreign market. Following a visit by an International Monetary Fund (IMF) staff team led by Ms Uma Ramakrishnan in 2019, Jamaica's steady pace towards exponential growth has become increasingly apparent.

In 2019, Jamaica was further equipped to withstand global economic shocks. Public debt fell dramatically in March 2019, hitting its lowest point since the early 2000s. Better still, Jamaica's non-borrowed reserves surpassed expectations holding US\$430 million at the close of March 2019.

Inflation is subdued along with Jamaica's tradition of spending more on imports than it receives on exports. Foreign reserves have also made a significant recovery, all of this due to considerable growth in the mining, construction and agriculture industries.

How can Jamaica maintain the gains it has achieved? The IMF advises that a fully operational fiscal council, (a body set up by the government to evaluate fiscal policy), and an independent central bank are the answer to keeping Jamaica on the path to true economic growth.

The growth of Jamaica's economy is more apparent with a closer look at GDP.

The third quarter of 2019 saw a 0.6 per cent growth in the economy which resulted from improved performances of the Services Industries. Due to declines in Agriculture, Forestry & Fishing, the Goods Producing Industries did not fare as nicely.

In spite of other industries seeing declines as well, Jamaica is still on track to meeting her economic goals. Throughout 2018 - 2019 the economy experienced noticeable growth, which Dr Wayne Henry, Director at the Planning Institute of Jamaica (PIOJ) attributed to a significant increase in the demand for Jamaica's export industries, more so mining and quarrying, and hotels and restaurants. This growth surpasses the IMF's predictions, thanks to balanced government expenditure and interest rates as well as national productivity.

The foreign exchange market shows some promise if little as the United States (US) dollar continues to appreciate against currencies worldwide. The Bank of Jamaica is optimistic, however, considering the foreign market's constant flux which entails the rise and fall of the US dollar.

Unpredictability aside, the Bank of Jamaica believes that this pattern should place Jamaica in a better position for the future. After all, an improving economy means that Jamaica is earning more foreign exchange than in recent years. What's more, the volume of trading in the market continues to grow.



DAMALI MORGAN

MANAGER, RISK

damali.morgan@mayberryinv.com

The year 2019 has brought both expected and unexpected economic events. Locally we have seen the end of the international Monetary Fund (IMF) standby agreement. The ending of this agreement comes as Jamaica has managed to reduce debt significantly, improve infrastructure spending, move to a market determined exchange rate and also following a global trend of having a low interest rate environment. According to the PIOJ the Jamaican economy has grown 1.2% between the January 2019 to September 2019 period. Majority of the growth has come in the services sector with the hotel industry up 5% and Banking and Finance up 3.3%. The central bank continues to pursue an inflationary policy targeting interest rate at 4%-6%, interest rates are expected to remain low with the BOJ recently opting to allow policy rates to remain at 0.50%. The introduction of BFXITT trading platform will allow a more market driven exchange rate with little intervention from the central bank.

The low interest rate trend has also been seen globally with many countries having a low interest rate policy to empower/ improve growth. In September 2019 the Fed cut rates to 0.25% signaling the belief economies have in this policy as it attempts to grow the economy. This low interest rate policy has had a positive impact on the stock markets globally as most stock markets have seen record highs as investors turn from low returns on the bond market to try and find growth on the stock market. This inflow of cash into the stock markets has seen the imminent rise of several IPO's both locally and internationally.

The local stock market has been the leader among global stock exchanges for the last 3 years and continues to grow steadily. This has been brought to the attention of many overseas investors chasing yield in this low global interest rate environment. As Jamaican companies continue to grow, we have seen an increase in the number of corporate bond issuances (mostly private) and also an increase in real estate developments locally. Jamaica is shaped to become a financial hub for the Caribbean and with the emergence of the Marijuana industry as well as recent developments in Guyana it is expected that the country will see an increase in foreign investors over the next few years.

This increase in capital within the country will continue to grow the markets as more and more companies will seek funds for expansion and increased productivity.

Over the next 12 months we can continue to expect a low interest rate environment and reducing bond yields. As corporate bonds become less attractive fund managers will be forced to make investments in real estate and equity to earn attractive returns. With a market influenced exchange rate there will be more volatility in the holding of Foreign investments and hedging strategies will begin to be employed amongst local investment managers. Tourism will continue to grow, increased employment rates and continued growth within the country will also ensure that housing prices remain constant or increase. The current bull market is expected to continue with more and more companies coming to market to seek funds. As the country continues to reduce its debt burden government infrastructure spending should increase and cost of debt should be cheaper for the government as they continue to improve their debt rating. With continued improvements in Jamaica's shipping and logistics industries we expect that the country will benefit from its location advantage as Guyana becomes a player in the oil industry. High political instabilities in the overseas markets should ward off investors from markets such as the United States and United Kingdom. With the US Presidential election stated for November 2020 there will be a lot of uncertainties for the next 12 months internationally as markets brace for the impact of the pending election.

My advice for long-term investors is to ensure that diversification takes place within the portfolio's. The current boom in the stock market should not be an invitation to overweight the portfolio with stocks. Investors who are looking for long term investments should also focus on industries which are ripe for growth such as logistics/shipping, Tourism and Technology. These industries have the long-term ability to do well under current conditions. Investors in equity are also advised to mix their portfolios with a number of dividend paying stocks; the income from the dividend can be used to offset any risks that these stocks face. The current local market is an exciting place for current investors and investors should take the chance with these local investments as the volatility to be faced in global markets may not be worth the returns received especially in this low interest rate environment.

COMPANY ANALYSIS



COMPANY OVERVIEW

Established in 1998 by founder and Board Chairman, Dhiru Tanna, Blue Power Group Limited (BPOW) is incorporated and domiciled in Kingston, Jamaica where it is listed on the Junior Stock Exchange. BPOW operated through two segments, Soap and Lumber. However, BPOW recently registered the Lumber division as a separate company named Lumber Depot Limited and then listed the company on the Junior Stock Exchange in December 2019. Lumber Depot sells lumber, hardware supplies, and related products locally. BPOW, however, now only manufactures Blue Power branded soap products as well as soap products for other companies.

OUR THOUGHTS

Jamaica's economy continues to illustrate signs of gradual recovery, as such BPOW is expected to yield positive returns in their bottom-line figures. BPOW delivered strong revenues and net profit of \$1.67 billion and \$139 billion respectively, inclusive of Lumber Depot division results. However, with Lumber Depot results extracted, the FY2019 revealed revenues of \$468.80 million and net profit of \$62.29 million.

The Company, on August 1, 2019 successfully separated the Lumber Depot Division from Blue Power Group Ltd. BPOW's revenue effective August 1, 2019, reflects the BPOW's results excluding the former Lumber Depot division. Nonetheless, rental property and provision of management services to Lumber Depot Ltd will benefit BPOW's revenues. On another note, Jamaica Customs advised that bath and laundry soaps produced from palm-oil based noodles do not meet the Community Origin requirements and thus attract increased duty rate in soap exports to CARICOM countries. As such, the company expects to absorb the tariff expense since it accounts for approximately 20% of the Company's revenue. Also, the Company's effort to compensate for the increased expense is by way of a slight increase in selling prices effective January 2020.

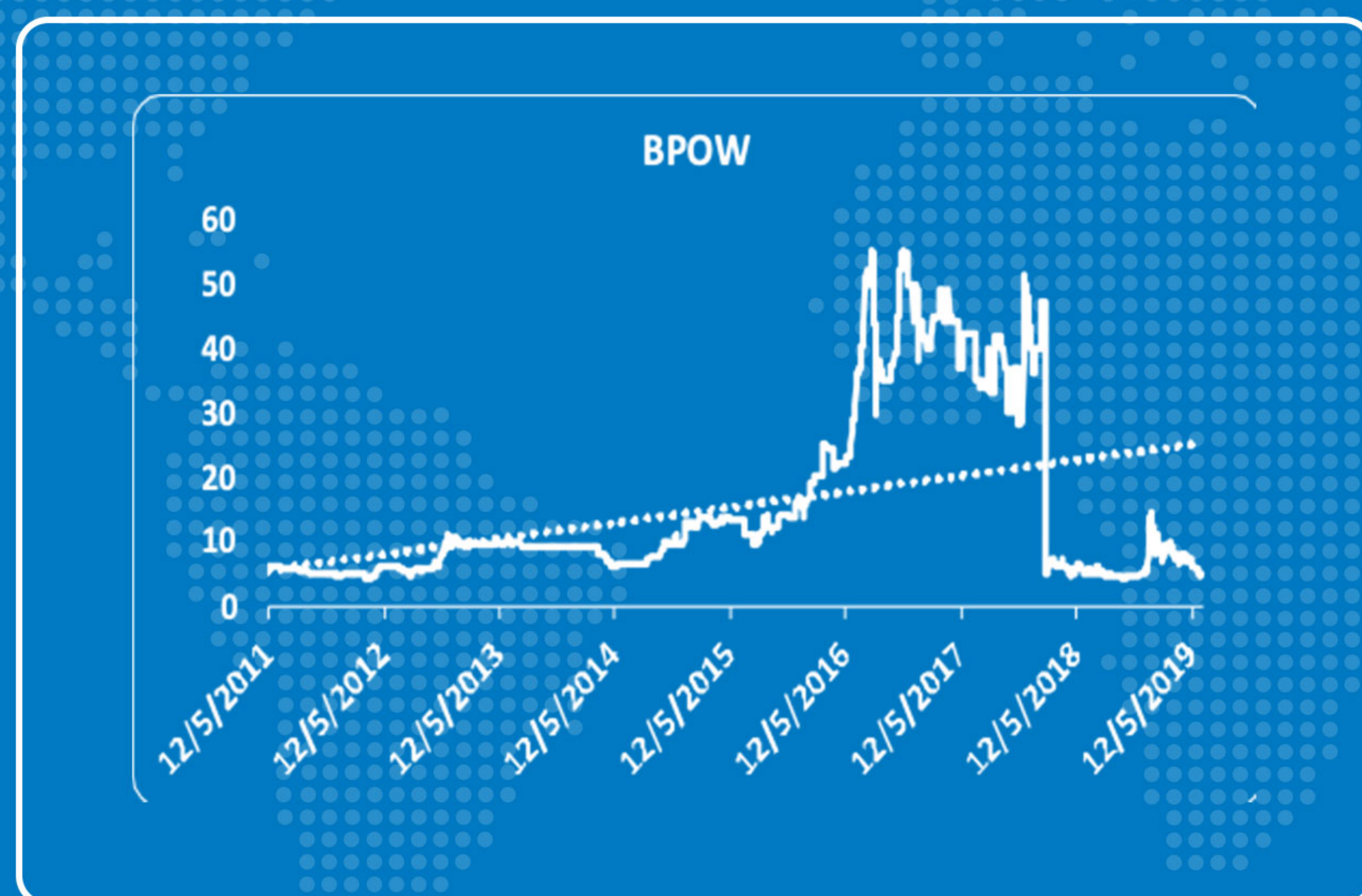
Blue Power Group Ltd intends to solicit more business overseas as well as further growth in the local market in terms of co-packing. Moreover, regarding the distributing soap products online through Amazon, BPOW noted that, it is active but will however take time to develop. Notably, BPOW's debt analysis suggests the company's current debt ratios are very favourable and the company is positioned to take on additional debt to facilitate further expansions. Management, however, noted that acquisitions are not in the near future.

The Stock currently trades \$5.00 as at January 10, 2020; above its current valuation of \$4.06 based on projected earnings. The stock also trades at a P/E of 31.80 times; above Junior market P/E (Harman) of 23.65 times. As such, the stock is recommended as a SELL at this time. The downside risk is that BPOW's stocks is not very liquid as it traded at an average volume of 16,684 year to date; 0.25% of the junior market's liquidity.

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BPOW'S PRICE MOVEMENT



KEY STATISTICS

BPOW's Market statistics

Market Cap (mil)	\$	2,825
Price to earnings ratio		31.80
Forward PE ratio		33.62
Price to book		1.70
Dividend Yield		0.00%
Current Price	\$	5.00
52 week low	\$	4.00
52 week high	\$	16.30
Net profit FY19 (mil)	\$	139
Projected Net profit FY20 (mil)	\$	84
Financial year end		April

**Prices at January 10, 2020*

LATEST EVENTS

New ruling from Jamaica Customs Agency

2nd quarter earnings released on October 31, 2019

RECOMMENDATION SELL

MACROECONOMIC OVERVIEW

LOCAL ECONOMIC OVERVIEW

The latest data from The Bank of Jamaica (BOJ) indicates that the prospects for the Jamaican economy are positive. They highlighted that, “the Jamaican economy could grow at a faster pace without it resulting in inflation increasing above the Bank’s target. As such, the Bank of Jamaica will continue to closely monitor the impact of monetary policy actions on credit expansion, capital market transactions, overall economic activity and consequently, the impact on inflation, to determine the appropriate future path for the policy rate.”

Unemployment remained unchanged at 7.8% for the third quarter of 2019; the employed labour force also increased by 2.6% to 1,254,100 persons in July 2019.

BOJ decided to hold the policy interest rate unchanged at 0.5% during the month of December based on the Central Bank’s assessment that monetary conditions are generally appropriate to support the achievement of the inflation target of 4.0% to 6.0%.

The Bank of Jamaica sold a total of US\$140M between October 18, 2019 and November 14, 2019 via five B-FXITT flash sale operations to augment the supply in the foreign exchange market. As indicated by the Governor, “The Bank of Jamaica will continue to ensure orderly conditions in the foreign exchange market and will intervene if there is excessive volatility or the emergence of temporary gaps in supply.”

With regards to inflation, STATIN indicated that the country’s consumer price index for the month of November 2019 increased by 1.3%, following a 0.6% increase in its index for October 2019.

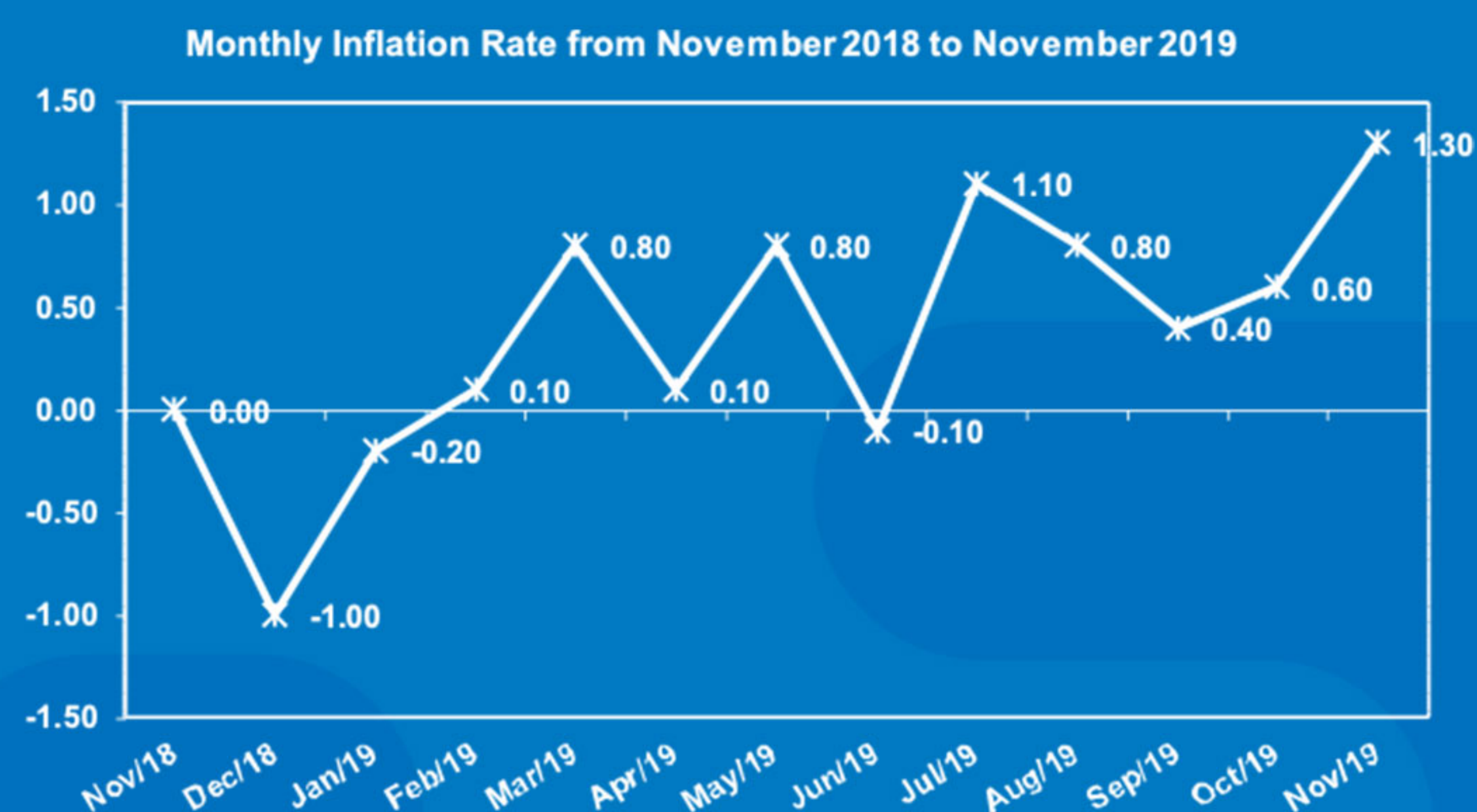
Business confidence dipped in the third quarter of 2019 but increased slightly year over year, primarily due to performance in profits as more firms are indicating that their profits were higher than expected, while consumer confidence dipped, fuelled by a decline in consumers’ perception of business conditions presently and expectations for jobs in the future.

LOCAL STOCK MARKET OVERVIEW

The JSE MainMarket progressed in December 2019 as the index increased 1.70%, from a 1.25% increase observed in November. As at January 10, 2020, the Main Market has decreased 1.86% since the start of the year. The Junior Market fell 0.75% in December 2019, while the previous month saw a decline of 1.07%. The index decreased 2.34% year to date.

GLOBAL ECONOMIC OVERVIEW

Global growth remains weak as momentum in manufacturing activity weakened to levels experienced during the global financial crisis. Uncertainties about the future are heightened by rising trade and geopolitical tensions according to the International Monetary Fund (IMF) in the World Economic Outlook (WEO) October 2019. Furthermore, international cooperation impacts business confidence, investment decisions and global trade. A shift toward increased monetary policy accommodation has cushioned the impact of these tensions on the financial market sentiment and activity.



FINANCIAL ANALYSIS

INCOME STATEMENT

The company's total revenues have consistently increased over the last five years, climbing from \$1.06 billion in 2015 financial year to \$1.67 billion in the 2019 financial year, growing at a compounded annual rate (CAGR) of 12%. Revenues year over year increased 10% for the 2019 financial year relative to \$1.51 billion in 2018, driven by export sales and the boost in the construction industry.

Cost of Sales totalled \$1.29 billion for FY2019, an increase of 9% from \$1.18 billion in 2018 to match the growth in revenues. Notably, over the last five years, this grew by a CAGR of 11% from \$838.98 million in 2015.

Administrative and marketing expenses also climbed 15% to \$243.33 million in 2019 versus \$210.72 million for previous year.

Over the five-year period, BPOW's profitability rose significantly by a CAGR of 19% from \$69.96 million in 2015 to \$139.27 million in 2019, while year over year there was a 36% increase (2018: \$102.24 million).

For the first six months of the FY20, revenue declined 14% to \$231.43 million relative to \$270.40 million while net profits declined 4% to \$51.58 million versus \$53.51 million.

However, due to the changes in BPOW's corporate structure, BPOW thereby unconsolidated Lumber Depot's operations, results and balance sheet from its books. Consequently, BPOW's revenues will no longer benefit from its prior lumber division which has a direct link to the performance of the construction industry.

Furthermore, extracting Lumber Depot's figures from FY2019 results portrays that BPOW's soap division accounted for approximately 28% or \$468.80 million of total revenue and 45% or \$62.29 million of total net profit.

Revenue vs Profitability Indicators



Year	FY2015	FY2016	FY2017	FY2018	FY2019
Dividends	0.15	0.15	0.17	0.19	0.19
Dividend pay-out ratio	12.11%	11.14%	7.88%	10.50%	7.71%
BPOW P/E	4.90	10.77	16.89	21.69	17.00
Junior Market P/E (Harmean)	6.77	13.56	15.36	20.15	21.87
Share Price	7.51	12.00	37.15	36.85	4.3*
Revenue (millions)	1,060.26	1,215.63	1,395.45	1,507.59	1,665.77

*BPOW had a stock split

Profitability Ratios	2015	2016	2017	2018	2019
Turnover Growth	1.38%	14.65%	14.79%	8.04%	10.49%
Cost of Sales Margin	79.13%	79.18%	76.55%	78.57%	77.35%
Gross Profit Margin	20.87%	20.82%	23.45%	21.43%	22.65%
EBITDA Margin	6.64%	7.22%	9.35%	8.78%	9.23%
Operating Expenses	70.81%	71.88%	66.28%	65.21%	64.50%
Operating Profit Margin	6.09%	5.85%	7.91%	7.46%	8.04%
Pre-tax Profit Margin	6.66%	7.03%	10.00%	7.69%	9.54%
Net Profit Margin	6.60%	6.26%	8.73%	6.78%	8.36%

FINANCIAL ANALYSIS

BALANCE SHEET

As at April 30, 2019, Total Assets increased to \$982.69 million from \$904.36 million in 2018. This was mainly attributable to the \$49.04 million increase 'Investments' to \$197.54 million (2018: \$148.50 million), due to reinvestments of cash in US denominated investments as well as a \$31.17 million increase in 'Inventories' to \$321.19 million in 2019 from \$290.02 million. BPOW's asset base between 2015 and 2019 increased at a 5-year CAGR of 15%. Furthermore, for FY19, BPOW generated return on average assets of 14.76%, up from 12.31% in 2018.

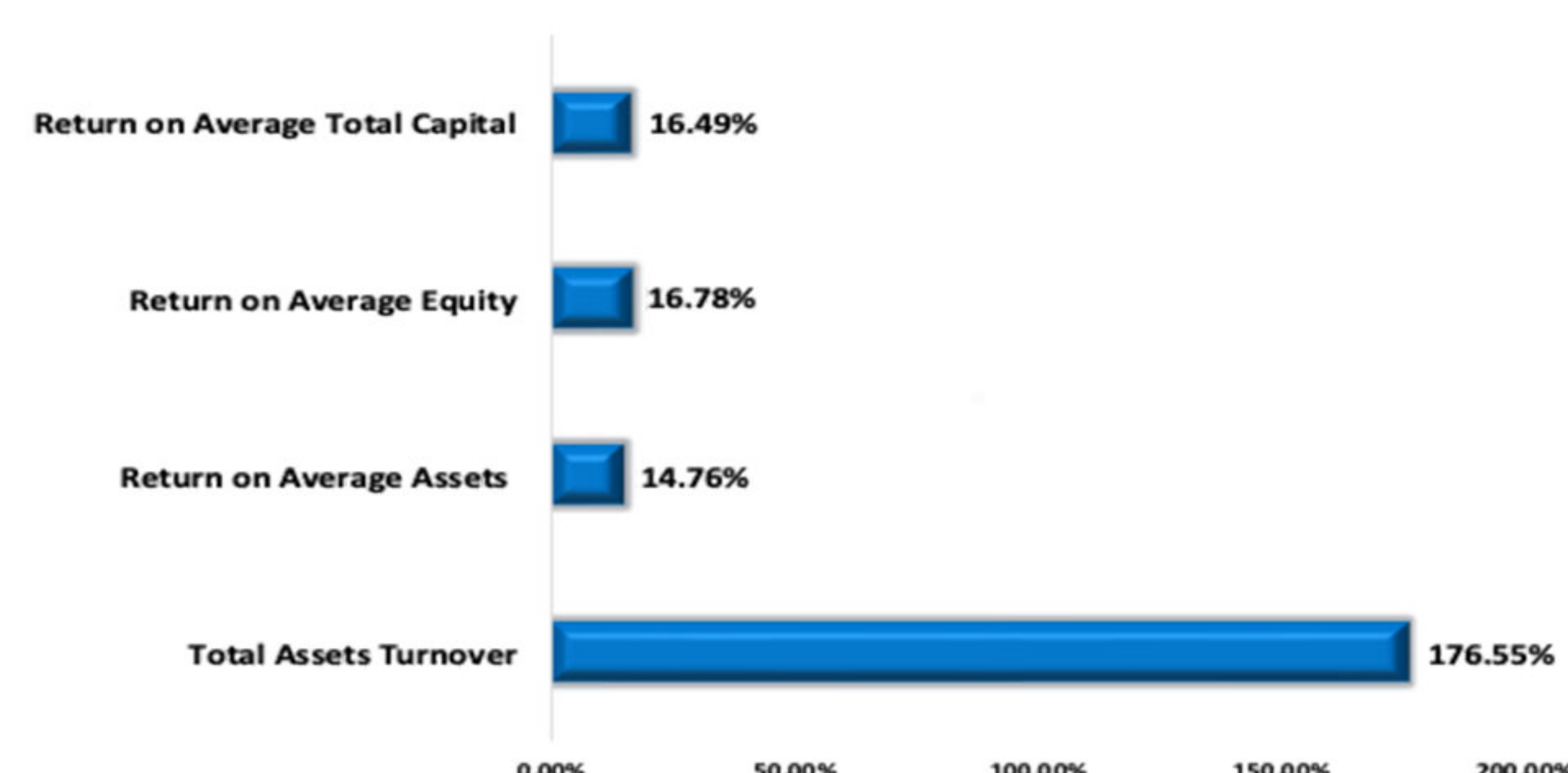
Liabilities amounted to \$85.03 million in 2019, down 40% from the \$141.62 million reported in 2018. The main contributors to this decrease were 'Accounts Payables' and 'Due to related party' which closed at \$72.54 million (2018: \$105.54 million) and nil (2018: \$28.98 million) respectively.

Total Shareholders' Equity improved by 18% from \$762.74 million in 2018 to \$897.66 million in 2019; over the last five years the Company saw a CAGR of 16% up from 2015's total equity of \$491.42 million.

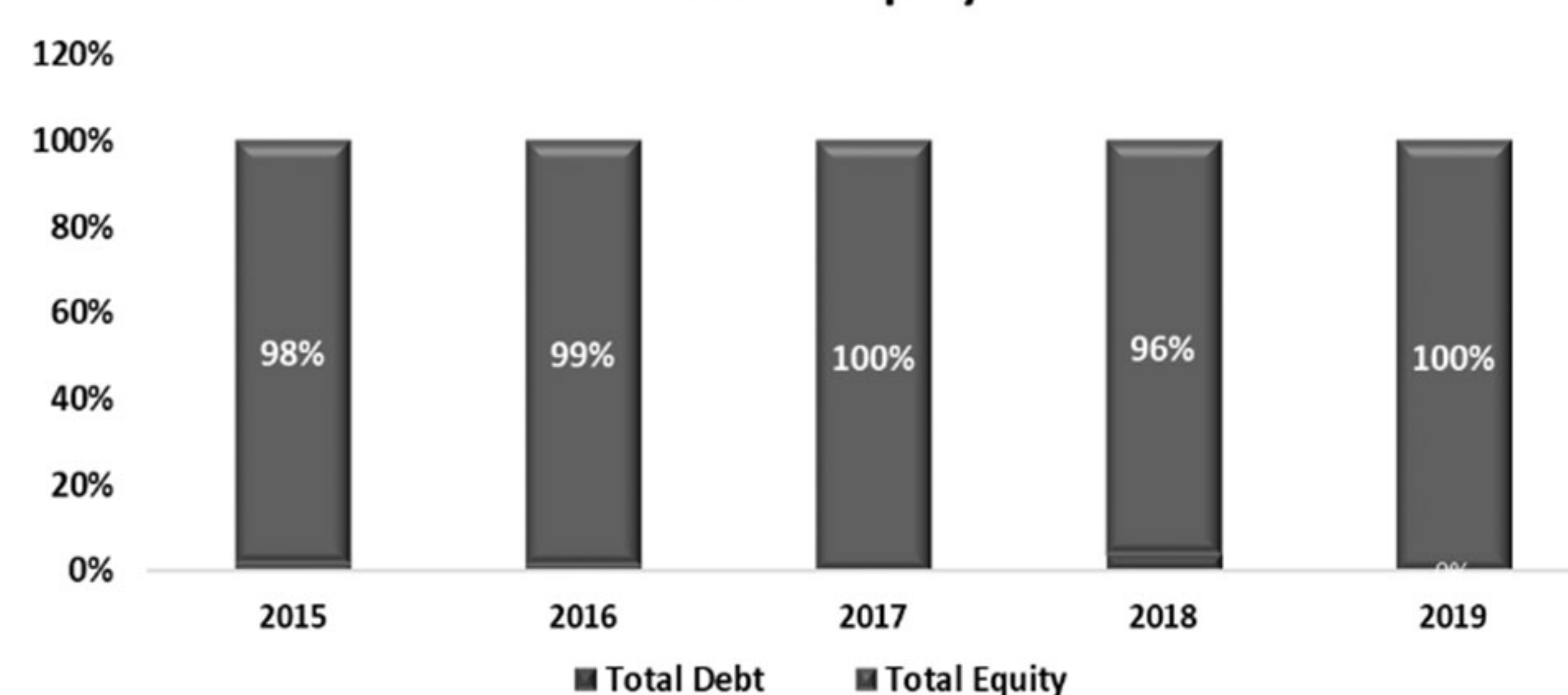
DEBT ANALYSIS

Over the last five years, BPOW has decreased its preference for the use of debt in the financing of its operations as opposed to equity, as BPOW's debt-to-equity ratio fell from 1.95% in 2015 to 0% in 2019 due to the Company being debt free. Assessment of the Company's solvency ratios indicate the company is in a very good position, as the Company has no debt as at the end of FY2019 (see table to the right). The debt coverage ratios are also above average financial covenant ratios indicating the company is also able to take on additional debt to finance further future expansions.

Shareholder's Return for FY19



Debt to Equity



Balance Sheet	FY2015	FY2016	FY2017	FY2018	FY2019
Shareholder Equity (million \$)	430	491	559	671	762.74
Book Value	0.76	0.87	0.99	1.19	1.24

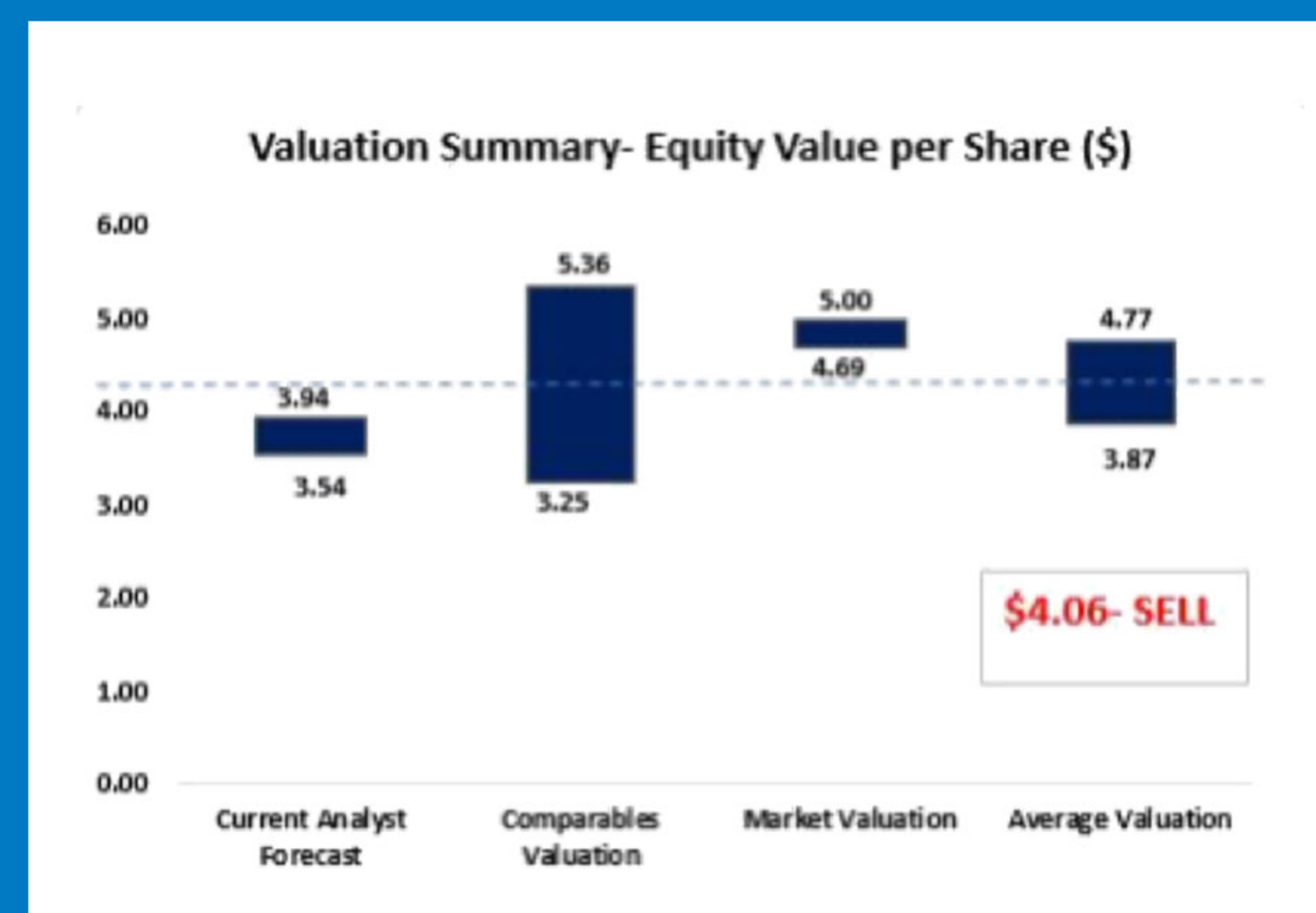
Debt Analysis	FY2015	FY2016	FY2017	FY2018	FY2019
EBITDA/Interest Expense (times)	316.71	110.70	214.76	-	-
Debt Coverage Ratio (times)	4.35	2.74	0.54	-	-
Debt to EBITDA (times)	0.14	0.09	0.00	0.22	-
Current Ratio	7.42	7.50	7.67	4.24	7.42
Debt to CFO (times)	0.19	0.07	0.00	0.24	-

INDICATIVE DESKTOP CALCULATION OF VALUE

OVERVIEW

Year to date, January 10, 2020, BPOW's stock price has advanced 10.13% from the start of the year. However, for 2019, the stock reached a high of \$14.40 on July 26, 2019 and a low of \$4.02 on May 02, 2019. BPOW closed the trading period at a price of \$5.00 as at January 10, 2020.

The stock trades at an average volume 13,839 for the month of December 2019. In comparison to the Junior Market's average traded volume of 15,639,556 for the month of December, BPOW represents 0.25% of junior market liquidity year to date.



RECOMMENDATION

Stock currently trades \$5.00 as at January 10, 2020; above its current valuation of \$4.06 based on projected earnings. The stock also trades at a P/E of 31.80 times; above the junior market P/E (Harmean) of 23.65 times. As such, the stock is recommended as a SELL at this time.

Company Name	Market Data			Financial Data			Valuation		
	Price (\$/share)	Market Cap (\$M)	EV (\$M)	Sales (\$M)	EBIT (\$M)	Earnings (\$M)	EV/Sales x	EV/EBIT x	P/E x
BPOW	5.00	2,825	2,648	430	62	60	6.2x	43.0x	46.8x
LASM	4.51	18,603	21,679	7,616	1,305	1,136	2.8x	16.6x	16.4x
JAMT	7.37	5,123	146	1,291	617	483	0.1x	0.2x	10.6x
CFF	15.00	1,349	1,326	489	41	51	2.7x	32.0x	26.4x
AMG	2.18	1,116	1,044	762	59	59	1.4x	17.7x	18.9x
PTL	1.76	2,715	3,081	1,539	76	70	2.0x	40.4x	39.1x
Average							2.5x	25.0x	26.4x
Median							2.4x	24.9x	22.6x

BPOW's Market statistics

Market Cap (mil)	\$	2,825
Price to earnings ratio		31.80
Forward PE ratio		33.62
Price to book		1.70
Dividend Yield		0.00%
Current Price	\$	5.00
52 week low	\$	4.00
52 week high	\$	16.30
Net profit FY19 (mil)	\$	139
Projected Net profit FY20 (mil)	\$	84
Financial year end		April

*Prices at January 10, 2020

VALUATION ■ ASSUMPTIONS

ASSUMPTIONS

BPOW's indicative value was derived based on projected earnings and compared with market comparable. Considering an extraction of Lumber Depot's results from FY 2019; we forecast Blue Power to grow 36% year on year attributable to rental property and provision of management services to Lumber Depot Ltd.

An effective tax rate of 12.5% was assumed along with slight increase in administrative and marketing margins, consistent with that of the year to date results as BPOW takes on additional costs to compensate for the increased tariffs in soap exports to CARICOM countries.

Industry comparable are consistent with the Junior Market manufacturing industry provided by Jamaica stock exchange.

Lastly, company assume to be a going concern.



RISK ASSESSMENT

STRENGTHS

- Continuous capital investment especially in the Soap Division is expected to improve efficiency and production volumes.
- Strategic partnership with several distribution companies.
- Significant cash reserve and low reliance on debt provides financial flexibility.

WEAKNESS

- Revenue concentrated in soap division.

OPPORTUNITIES

- Further expansion regionally.

THREATS

- Slow economic growth could hinder sales.
- Significant competition from local and international suppliers.
- Heavy reliance on import of raw material.
- Increased tariffs on exports to CARICOM countries.

APPENDIX

APPENDIX 1: FINANCIAL STATEMENT EXTRACTS

Blue Power Group Limited (BPOW) 5 Year Profit & Loss Statement								
Profit & Loss For The Year Ended	Year End 2015	Year End 2016	Year End 2017	Year End 2018	Year End 2019	Change (%)	Change (\$)	CAGR (%)
Revenue	1,060,257,891	1,215,627,817	1,395,452,657	1,507,586,013	1,665,774,917	10%	158,188,904	12%
Cost of Sales	(838,984,243)	(962,515,011)	(1,068,170,197)	(1,184,451,047)	(1,288,532,000)	9%	(104,080,953)	11%
Gross Profit	221,273,648	253,112,806	327,282,460	323,134,966	377,242,917	17%	54,107,951	14%
Administrative and Marketing Expe	(156,692,137)	(181,946,827)	(216,923,682)	(210,719,857)	(243,333,126)	15%	(32,613,269)	12%
Operating Profit	64,581,511	71,165,979	110,358,778	112,415,109	133,909,791	19%	21,494,682	20%
Other Income	-	3,736,477	8,233,075	3,446,243	1,946,546	-44%	(1,499,697)	
Finance Income	7,736,912	14,824,555	25,235,307	14,864,152	29,327,872	97%	14,463,720	40%
Finance cost	(3,865,280)	(4,268,054)	(4,316,469)	(14,797,968)	(6,189,374)	-58%	8,608,594	12%
Profit before taxation	70,610,764	85,458,957	139,510,691	115,927,536	158,994,835	37%	43,067,299	22%
Taxation	(653,763)	(9,384,241)	(17,692,233)	(13,686,393)	(19,721,471)	44%	(6,035,078)	134%
Net Profit	69,957,001	76,074,716	121,818,458	102,241,143	139,273,364	36%	37,032,221	19%
Earnings per share	0.124	0.135	0.216	0.181	0.247	36%	(0.03)	2%
Shares O/S	564,990,000							

Blue Power Group Limited (BPOW) Balance Sheet								
Balance Sheet For The Year Ended	Year End 2015	Year End 2016	Year End 2017	Year End 2018	Year End 2019	YOY Change (%)	YOY Change (\$)	5 YR CAGR (%)
Total Assets	565,637,561	641,230,722	756,996,049	904,356,863	982,685,378	9%	78,328,515	15%
Non-current Assets	72,321,670	64,003,441	114,030,965	307,917,069	351,750,156	14%	43,833,087	49%
Property, plant and equipment	72,321,670	63,546,928	114,030,965	159,417,069	154,207,566	-3%	(5,209,503)	21%
Investment	-	-	-	148,500,000	197,542,590	33%	49,042,590	
Current Assets	493,315,891	577,227,281	642,965,084	596,439,794	630,935,222	6%	34,495,428	6%
Cash and cash equivalents	166,007,884	258,643,148	276,294,542	188,082,833	176,794,096	-6%	(11,288,737)	2%
Accounts Receivables and pr	75,374,886	99,461,391	123,244,778	118,333,630	132,951,371	12%	14,617,741	15%
Inventories	249,516,246	219,122,742	243,425,764	290,023,331	321,189,755	11%	31,166,424	7%
Total Liabilities	74,219,100	82,212,395	85,763,994	141,618,575	85,030,268	-40%	(56,588,307)	3%
Current Liabilities	66,483,500	76,943,071	83,843,707	140,688,880	84,188,645	-40%	(56,500,235)	6%
Accounts Payables	64,157,906	69,062,007	75,957,099	105,543,930	72,543,581	-31%	(33,000,349)	3%
Taxation	-	5,555,470	7,556,818	6,164,516	11,645,064	89%	5,480,548	
Non-current liabilities	74,219,100	82,212,395	85,763,994	141,618,575	85,030,268	-40%	(56,588,307)	3%
Deferred taxation	490,272	-	1,920,287	929,695	841,623	-9%	(88,072)	14%
Shareholders' Equity	491,418,461	559,018,327	671,231,955	762,738,288	897,655,110	18%	134,916,822	16%

Cash Flow For the year ended	Year End 2015	Year End 2016	Year End 2017	Year End 2018	Year End 2019	Change %	Change \$	5 Year CAGR %
Cash Flows from Operating Activities	51,456,729	101,939,600	85,084,421	121,141,932	50,235,566	-59%	(70,906,366)	-1%
Cash Flows from Investing Activities	(22,641,169)	1,146,518	(50,582,869)	(198,618,831)	(50,789,493)	-74%	147,829,338	22%
Cash Flows from Financing Activities	9,383,427	(1,976,004)	(16,850,158)	(10,734,810)	(10,734,810)	0%	-	



APPENDIX

APPENDIX 2: FINANCIAL STATEMENT EXTRACTS

Profit & Loss	Six months ended Oct-18	Six months ended Oct-19	Change (%)	Change (\$)
Revenue	270,395,203	231,427,041	-14%	(38,968,162)
Cost of Sales	172,509,250	144,108,284	-16%	(28,400,966)
Gross Profit	97,885,953	87,318,757	-11%	(10,567,196)
Administrative and Marketing Expenses	46,168,959	53,040,005	15%	6,871,046
Operating Profit	51,716,994	34,278,752	-34%	(17,438,242)
Other Income	446,242	5,925,907	1228%	5,479,665
Finance Income	9,029,739	18,705,046		9,675,307
Finance cost	320,137	53,185	-83%	(266,952)
Profit before taxation	60,872,838	58,856,520	-3%	(2,016,318)
Taxation	7,361,478	7,278,422	-1%	(83,056)
Net Profit	53,511,360	51,578,098	-4%	(1,933,262)
Discontinued Operations:				
Net Profit from discontinued operations	33,267,796	21,299,962	-36%	(11,967,834)
Profit attributable to members	86,779,156	72,878,060	-16%	(13,901,096)
Earnings per share	0.095	0.091	-4%	(0.00)

Profit & Loss For The Year Ended	Year End 2019	Proj. Year End 2020	Change (%)	Change (\$)
Revenue	468,802,512	462,854,082	-1%	(5,948,430)
Cost of Sales	(304,046,643)	(291,598,072)	-4%	12,448,571
Gross Profit	164,755,869	171,256,010	4%	6,500,141
Administrative and Marketing Expenses	(121,108,429)	(121,666,563)	0%	(558,134)
Operating Profit	43,647,440	49,589,447	14%	5,942,007
Other Income	586,609	11,851,814	1920%	11,265,205
Finance Income	29,327,872	35,193,446	20%	5,865,574
Finance cost	(760,368)	(106,370)	-86%	653,998
Profit before taxation	72,801,553	96,528,338	33%	23,726,785
Taxation	(10,513,724)	(12,066,042)	15%	(1,552,318)
Net Profit	62,287,829	84,462,296	36%	22,174,467
Earnings per share	0.11	0.15	36%	0.04

APPENDIX

APPENDIX 3: FINANCIAL STATEMENT EXTRACTS

	2015	2016	2017	2018	2019
Activity Ratios					
Receivables Turnover	13.84	13.91	12.53	12.48	13.26
Days of Sales O/S	26.38	26.25	29.13	29.24	27.53
Inventory Turnover	3.47	4.11	4.62	4.44	4.22
Days of Inventory on hand	105.27	88.86	79.03	82.19	86.57
Payables Turnover	12.70	13.99	15.07	13.57	14.82
# of Days of Payables	28.74	26.08	24.23	26.91	24.63
Cash Conversion Ratio (Days of Inv + Days of Rec - Days of Pay)	102.91	89.02	83.93	84.53	89.47
Liquidity Ratios					
Current Ratio	7.42	7.50	7.67	4.24	7.49
Quick Ratio	3.67	4.65	4.77	2.18	3.68
Cash Ratio	2.50	3.36	3.30	1.34	2.10
Solvency Ratios					
Debt-to-Equity	0.02	0.01	0.00	0.04	-
Debt-to-Capital	0.02	0.01	0.00	0.04	-
Debt-to-Assets	0.02	0.01	0.00	0.03	-
EBITDA/Finance Cost	19.27	21.02	33.32	8.83	26.69
Profitability					
Gross Profit margin	20.87%	20.82%	23.45%	21.43%	22.65%
EBITDA Margin	7.02%	7.38%	10.31%	8.67%	9.92%
Pretax Margin	6.66%	7.03%	10.00%	7.69%	9.54%
Net Profit margin	6.60%	6.26%	8.73%	6.78%	8.36%
Return on Average Assets	13.12%	12.61%	17.42%	12.31%	14.76%
Operating Return on Average Assets	12.12%	11.79%	15.79%	13.53%	14.19%
Return on Average Total Capital	14.87%	15.84%	21.42%	16.51%	18.40%
Return on Average Equity	15.19%	14.48%	19.80%	14.26%	16.78%
Effective Tax Rate	0.93%	10.98%	12.68%	11.81%	12.40%

NAME	VOLUME	PERCENTAGE
ANTIBES HOLDINGS LIMITED	283,008,000	50.09%
MAYBERRY JAMAICAN EQUITIES LTD	112,166,840	19.85%
KENNETH BENJAMIN & SISTER	32,854,650	5.82%
JANE FRAY	30,954,000	5.48%
NOEL DAWES	14,127,150	2.50%
SILVER INVESTMENTS LIMITED	10,778,160	1.91%
JPS EMPLOYEE SUPERANNUATION FUND	9,214,510	1.63%
PAM-INDIVIDUAL RETIREMENT SCHEME	8,914,510	1.58%
PETER MILLINGEN	8,211,000	1.45%
GUARDSMAN GROUP LTD	6,872,850	1.22%



FORUM HIGHLIGHTS : NOV 2019



Members of the Mayberry Investments Limited family locked in conversation with members of the House of Issa at the last Mayberry Investment Forum of 2019 in Kingston. From left are: Digital Marketing Manager, Stephanie Harrison, Chairman of the House Of Issa, Paul Issa, CEO of House of Issa, Glenn Lawrence, Executive Investment Advisor, Jodie Bennett and Director of Investment Banking, Tania Waldron-Gooden.



Able-Don Foote, Mayberry Millennial Investor, posing a question during the Q&A segment.



CEO of House of Issa, Glenn Lawrence receives a parting gift from a Mayberry's Investment Advisor, Julian Shadoo.



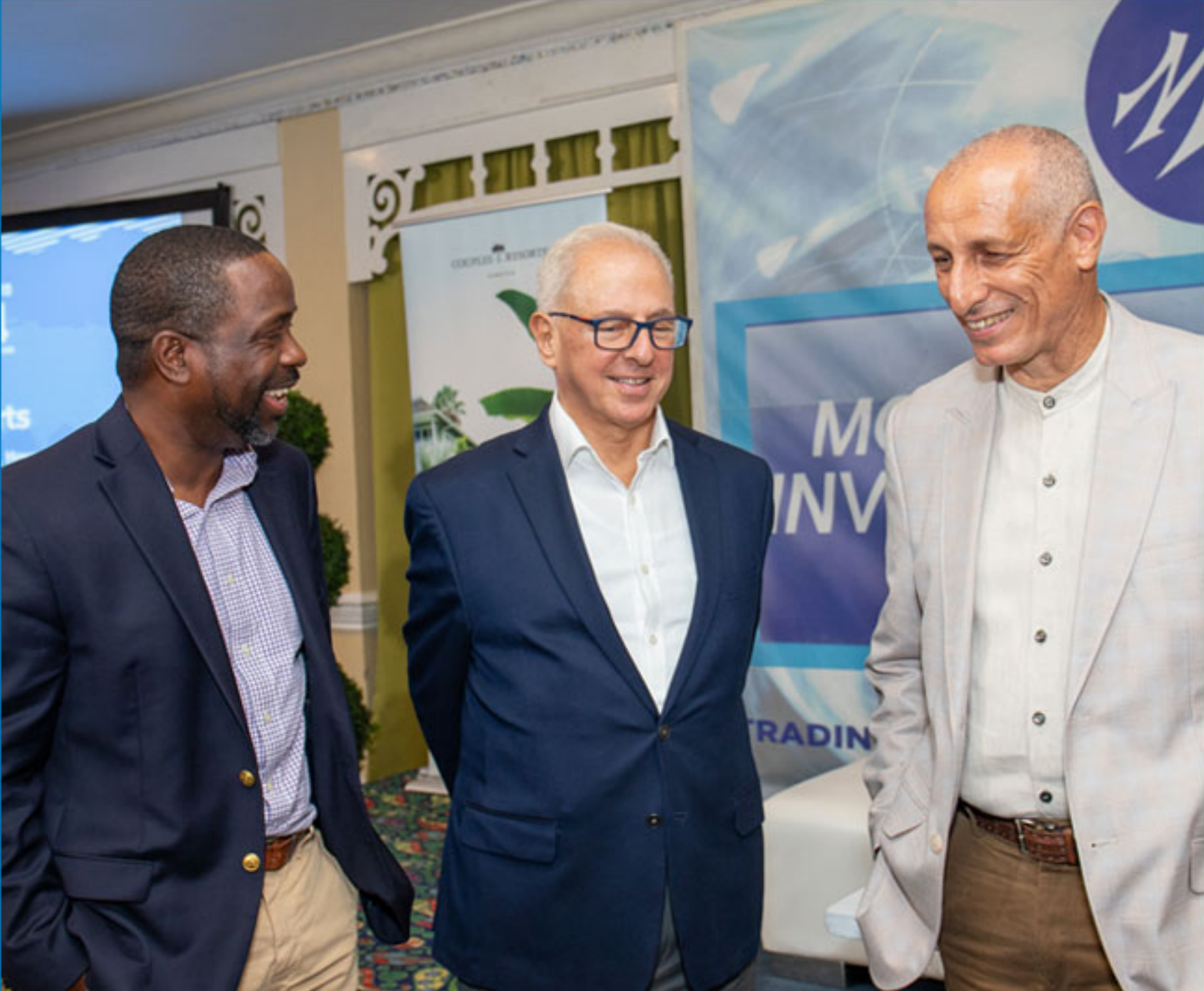
Director of Investment Banking, Tania Waldron-Gooden and Executive Investment Advisor, Jodie-Ann Bennett share a moment at the last Investor Forum.



Senior Vice President, Energy, and Infrastructure Projects, Mayberry Investments Limited, Dan H Theoc, shares a moment with CEO of House of Issa, Glenn Lawrence, and Executive Investment Advisor, Jodie-Ann Bennett.



Chief Executive Officer (CEO) of House of Issa, Glenn Lawrence, speaks on the growth of tourism in Jamaica at the last Mayberry Investor Forum of 2019, held at Knutsford Court Hotel in Kingston.



Senior Vice President, Energy, and Infrastructure Projects, Mayberry Investments Limited, Dan H Theoc, shares a moment with Chairman of the House Of Issa, Paul Issa, and CEO of House of Issa, Glenn Lawrence.

ECONOMIC HIGHLIGHTS FOR DECEMBER 2019

	December 2019	November 2019	Change
91 Days Treasury Bills Avg. Yield (%)	1.316	1.608	-0.29
182 Days Treasury Bills Avg. Yield (%)	1.599	1.581	0.02
Exchange Rate (US\$: J\$)	133.94	139.52	-5.58
Net International Reserves (NIR) (US\$M)	3,162.53	3,105.87	56.67

NET INTERNATIONAL RESERVES DECEMBER 2019

Jamaica's Net International Reserves (NIR) totaled US\$3.16 billion as at December 2019, reflecting an increase of US\$56.67 million relative to the US\$3.11 billion reported as at the end of November 2019 (see figure 1).

Changes in the NIR resulted from an increase in Foreign Assets of US\$49.25 million to total US\$3.63 billion compared to the US\$3.58 billion reported for November 2019. 'Currency & Deposits' contributed the most to the increase in Foreign Assets. 'Currency & Deposits' as at December 2019 totaled US\$3.08 billion reflecting an increase of US\$46.64 million compared to US\$3.04 billion booked as at November 2019.

'Securities' amounted to US\$319.71 million; US\$0.96 million more the US\$318.75 million reported in November 2019. Foreign Liabilities for December 2019 amounted to US\$468.55 million compared to the US\$475.97 million reported for November 2019. Liabilities to the IMF accounted for 100% of total foreign liabilities, reflecting a US\$7.42 million decrease month over month from November 2019.

At its current value, the NIR is US\$157.12 million more than its total of US\$3.01 billion as at the end of December 2018. The current reserve is able to support approximately 33.80 weeks of goods imports or 22.94 weeks of goods and services imports.

FIGURE 1

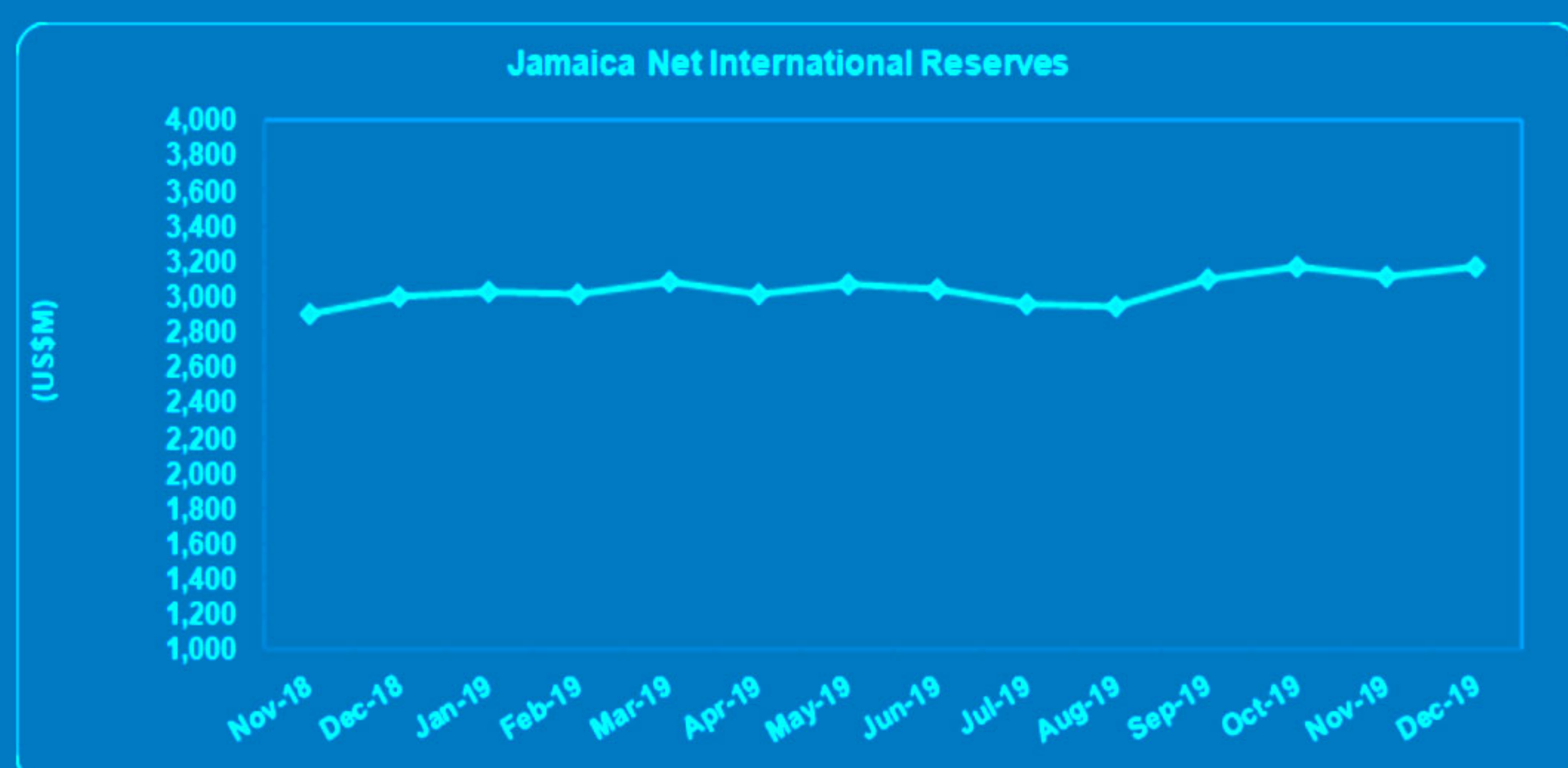
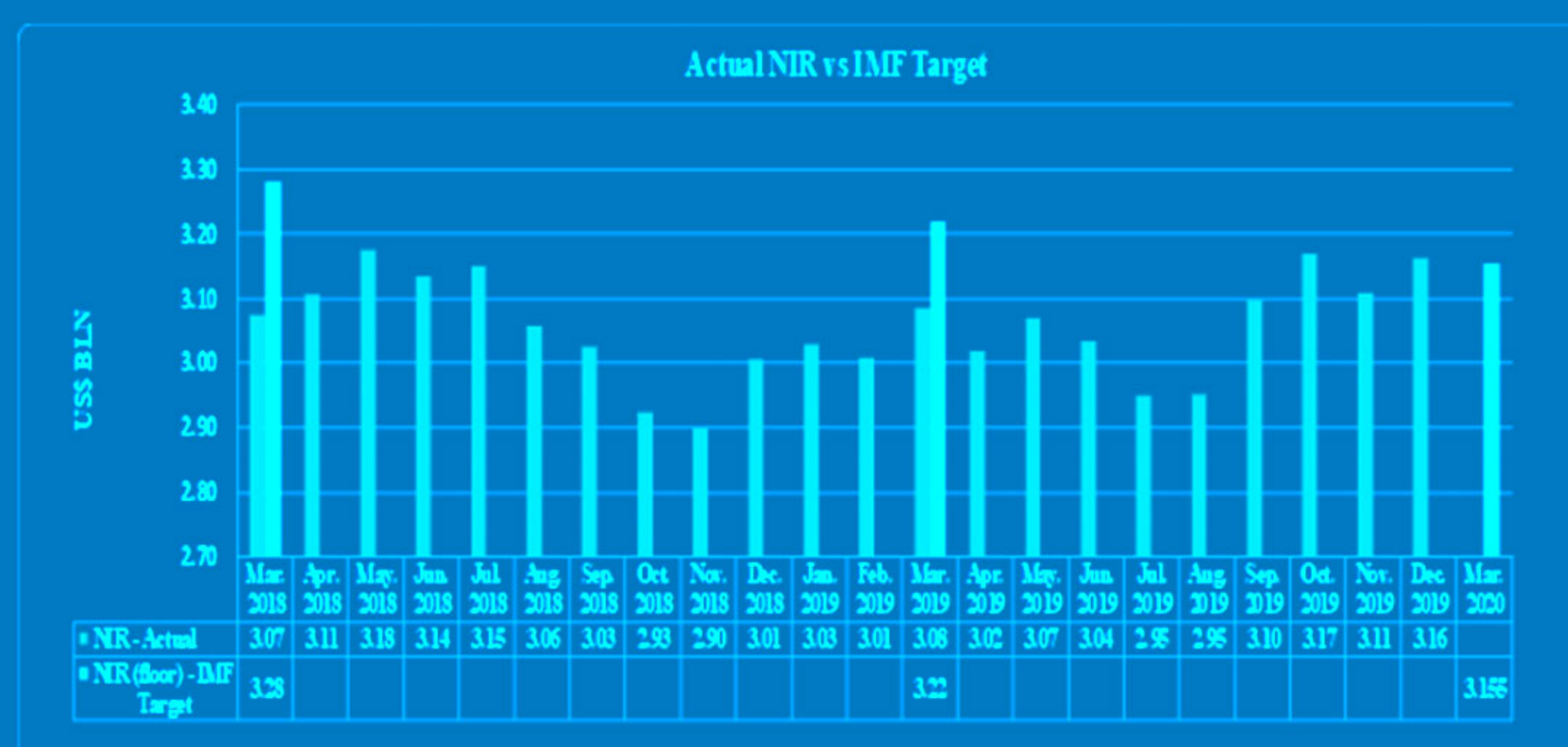


FIGURE 2



The country came in slightly below the benchmark of US\$3.22 billion outlined by the International Monetary Fund for March 2019, closing the fiscal year at US\$3.08 billion, US\$0.13 million below targeted amount.

Notably, on November 07, 2019, Jamaica has successfully concluded its economic reform program, which was supported by a US\$1.66 billion Stand-By Arrangement from the International Monetary Fund (IMF).

The Net International Reserve (NIR) target outlined as per the new agreement for the 2019/20 fiscal year is US\$3.155 billion (see figure 2 above). As at December 2019, the Country is US\$0.01 million above targeted amount.

JAMAICA’S MONTHLY EQUITY MARKET REPORT FOR DECEMBER 2019

Main JSE Index: 509,916.44 points
Point Movement: 8,544.06 points
Percentage Change: 1.70%

Advance Decline Ratio: Positive
Advancers: 25 Decliners: 13
Traded Firm: 4

Junior JSE Index: 3,348.96 points
Point Movement: -25.17 points
Percentage Change: -0.75%

Advance Decline Ratio: Negative
Advancers: 15 Decliners: 22
Traded Firm: 2

Major Winners (Main & Junior)		
Stock	Increase	Closing Price
Pulse Investments Limited	42.86%	\$6.00
Eppley Caribbean Property Fund Limited SCC	20.31%	\$43.19
CAC 2000 Limited	15.38%	\$15.00
Major Losers (Main & Junior)		
Stock	Decrease	Closing Price
Blue Power Group Limited	-34.20%	\$4.54
SSL Venture Capital Jamaica Limited	-24.00%	\$1.14
Caribbean Cream Limited	-17.95%	\$3.61

Total Shares Traded (Main): 490.47 million units Total value (Main): Approx. \$6.65 billion
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Volume Leaders (Main)		
Stock	Units Traded	Market Volume
Wigton Windfarm Limited	145,296,184	29.62%
Sagicor Select Funds Limited- Financial	71,519,215	14.58%
Pulse Investments Limited	62,493,480	12.74%

MAIN EVENT ENTERTAINMENT GROUP LIMITED (MEEG)

OCTOBER 31, 2019

Earnings per Share (EPS) for the year amounted to \$0.324 (2018: \$0.316). The number of shares used in the calculation was 300,005,000 units.

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.

FOSRICH COMPANY LIMITED
(FOSRICH)

SEPTEMBER 30, 2019

Consequently, EPS for the period amounted to \$0.15 compared to \$0.14 in 2018. The number of shares used in our calculations amounted to 502,275,555 units. FOSICH last traded on January 10, 2020 at \$4.10.

HOLD

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.

BARITA INVESTMENTS LIMITED (BIL):

SEPTEMBER 30, 2019

EPS for the year amounted to \$2.08 compared to \$0.44 recorded for the prior year. The number of shares used in our calculations amounted to 825,003,263 units. BIL stock price closed the trading period on January 10, 2020 at \$71.49.

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.