

JMMB INVESTMENT & SOVEREIGN RESEARCH

FOSRICH LIMITED (FOSRICH)



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EXECUTIVE SUMMARY

Fosrich Company Ltd. (FOSRICH), was established in 1993 and had its shares listed on the Junior Market of the Jamaica stock exchange on December 19, 2017. Fosrich's principal activities are the manufacturing of PVC pipes and fittings as well as the distribution of lighting, electrical and solar energy products. Fosrich has subsequently ventured into the pole mount transformer repairs business via firm, Blue Emerald Limited.

FosRich recorded \$3.37B in revenue and \$324.7M in net income for their 2022 financial year (FY). Revenues have grown by a 4-year compound average growth rate (CAGR) of 27.1% while the 4-year CAGR of net income has outpaced the growth in revenues as it stands at 37.7%. More recent, FosRich reported a downturn in profits to \$162.5M for the six-month period ended June 2023, compared to profits of \$298M for the corresponding six-month period in 2022.

We attach an **UNDERWEIGHT** recommendation to Fosrich, as we anticipate a slowdown in growth from the significant growth rates witnessed over the past four periods (2018-2022). Nevertheless, we are optimistic about a recovery in the medium to long-term, as the company has taken steps to increase its capacity to be able to meet the demand for its products and to boost its export business.



Fosrich's Statistics	
Financial Year End	December
Stock Price (11/09/2023)	\$ 1.96
Trailing EPS	\$ 0.04
Book Value per share	\$ 0.39
P/E	60.6x
P/B	5.1x
Net Profit 6M 2023 (millions)	\$ 162
Price Target	\$ 1.59
Dividend Yield	0.29%

Company Overview

FosRich Company Limited distributes lighting, electrical, and solar energy products in Jamaica. The company provides boxes, panels, steel wire armored cables, wires, wiring devices, bulbs, contactors, breakers, and switches and related devices. It also supplies ceiling lighting, standing lighting, outdoor lighting, fans, and electrical supplies; and industrial products that are used to build hotels, factories and housing development projects. In addition, the company manufactures and sells PVC pipes and fittings. It serves retail and commercial customers. Fosrich has subsequently ventured into the transformer repairs business via firm, Blue Emerald Limited. FosRich Company Limited was founded in 1993 and is headquartered at 79 Molynes Road, Kingston 10, Jamaica. Effective December 19, 2017, the company's shares were listed on the Junior Market of the Jamaica Stock Exchange.

Recent Development

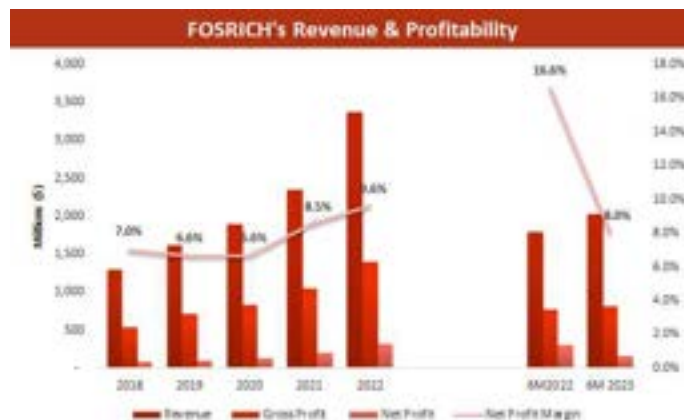
In the company's annual general meeting held on July 12th, 2022, the company authorized resolutions that each of the issued ordinary shares of the Company be subdivided into 10 ordinary shares with effect from the close of business on 27 July 2022, resulting in the total issued share capital of the Company being increased from 502,275,555 ordinary shares of no par value to 5,022,755,550 ordinary shares of no par value. Moreover, the Company offered 55,729,647 New Ordinary Shares by way of a provisional allotment under a non-renounceable Rights Issue of New Ordinary Shares. The Company intends to use the proceeds to complete the second phase of the new 30,000 square foot Fulfilment Centre located at 76 Molynes Road.

The venture into the Special Economic Zone by contract-manufacturing Company, Blue Emerald Limited, which is based in Hayes, Clarendon, was terminated, due to the narrow interpretation of the Customs Duties to be applied on activities in the Special Economic Zone by the Customs Authorities. Fosrich highlighted that the manufacturing cost of operating within the Special Economic Zone was significantly higher than the cost of their manufacturing activities outside of the Zone. As such, the company determined that the additional cost was not offset by the long-term tax concessions that are available. Blue Emerald Limited will continue to manufacture exclusively for FosRich.

FosRich Company Limited announced the incorporation of FosRich USA, Inc., which is being established with a view to pursuing various business opportunities in the United States of America.

Financial Overview

Profitability



Fosrich reported revenues of \$3.37B for the FY ended December 2022. This represents a 43.5% year over year increase. This growth outpaced the 4 year CAGR of 27.1%. The company experienced significant growth in several product lines, inclusive of solar product (96%), control devices (53%), wiring devices (48%), PVC and LED products (37%), and Industrial and wiring devices both grew by 30%.

Management attributed the growth in these product lines to greater demand for their products. Subsequently, revenue increased by 4.7% for Q2, to \$940.8M from \$898.8M the corresponding quarter in 2022. Notably, for the 6M period, Fosrich reported revenue at \$2.02B, up 12.5% year over year. This increase was attributed to increased sales in eight (8) of twelve (12) Product Groups.

Cost of sales outpaced the growth in revenue, which increased by 51.4% from \$1.31B to \$1.98B for FY2022. Management highlighted that the company experience fluctuations in volume and price increase throughout the financial year, driven by escalating copper and PVC material prices on the international market and increased shipping prices. As such, the gross margin for the year was 41.3%, which is lower than the 4-year average gross margin of 43.3%. Fosrich's gross profit of \$1.39B, represents a 33.5% increase from 2021's gross profit of \$1.04B. More recent, for the six month's period gross profit rose by 6.1% year over year, reported at \$817.8M. Gross margin for the six months, fell year over year to 40.4% from 42.8% the prior comparable period.

Administrative expenses for the 2022FY totaled \$790M. This reflects a 25.1% increase when compared to 2021's administrative expenses of \$631.6M. In 2022FY, there were increases in staff related costs, increased legal and professional fees, increased utility cost, rise in advertising and promotion cost and increased occupancy cost due to the commencement of obligations for the new Fulfilment Centre at 76 Molynees Road. However, administrative expenses as a percentage of revenue declined. For the 2022FY, administrative expenses margin was 23.4%, below the 4-year average of 26.8%. Subsequently, for the 6M 2023 period, administrative expense is \$526.7M, reflecting a year over year increase of \$121.6M. Fosrich highlighted that this increase

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is primarily driven by staff related cost, increased travelling and motor vehicle expenses and increased insurance costs due to increases in policy renewal rates. Notably, for the 6M period, administrative expenses margin deteriorated to 26% from 22.5% the prior comparable period.

Operating profit for 2022FY amounted to \$508.2M, which is an increase of 32.2% year over year. This corresponds to an operating margin of 15.1%, which is below the operating margin of 16.4% in 2021. Finance costs totaled \$182.4M for 2022 compared to \$185.2M in 2021. The decrease in the finance costs is primarily driven by reductions in bad debt impairment provisions of \$43.8M. Additionally, interest on long term and short term borrowings totaled \$74.7M versus \$50.4M in 2021, due to an increase in the company's debt to finance operations. More recent, for the 6M period, operating profit fell to \$293.6M from \$338.5M the previous comparable period in 2022. This is due to the increase in the company's operating expenses margin. Notably, operating margin for the 6M period fell from 19.9% to 12.8%.

Fosrich's Net Income for the financial year ended December 31, 2022 amounted to \$324.7M. This represents a growth of \$125.4M over the \$199.3M recorded for the same period last year. Moreover, net profit margin improved from 8.5% a year ago to 9.6%, above the 4-year average margin of 7.8%. Subsequently, for the 6M period, net profit amounted to \$162.5M, down \$135.5M from the \$298M reported for the same period in 2022. The net profit margin stood at 8% for the 6M period, down from 16.6% for the previous comparable period. As at December 31st 2023, the return of assets stood at 6.4%, compared to 5.3% a year prior, while the return on equity stood at 18.2%, relative to 19.6% in 2021.

EPS recorded for the six-month period FY2023 amounted to \$0.032 (adjusted for stock split), down from \$0.060 the previous comparable period. The trailing twelve month (TTM) EPS for Fosrich stands at \$0.038 which when compared to the 2022 financial year end of \$0.065, represents a decrease of 41.7%.

Liquidity & Solvency

Fosrich's total assets as at December 2022 stood at \$5.07B. This represents an increase of 34.7% from total assets of \$3.77B as at December 2021. Fixed assets grew by 42.2%, from \$1.44B in December 2021, to \$2.05B. This growth was mainly due to an increase in property, plant and equipment, which rose to \$846.1M from \$349.5M the previous comparable period. Moreover, 'Lease right use of assets and 'Related Party' improved year over year to \$605.6M and \$569.3M.

Current assets grew by 30.0%, moving from \$2.32B to \$3.02B as FY2022. Fosrich's accounts receivable increased by 37.7%, from \$274.03M to \$377.33M. Additionally, inventories

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increased from \$1.78B to \$2.25B, which the company highlighted is as a result of increased cost of supplies, as the company make strides to increase inventories to meet consumers demand. Notably cash and cash equivalents increased to \$103.8M from \$72.0M booked in FY2021.

Furthermore, total assets climbed to \$5.1B at the end of Q2 FY2023, a yoy increase of 8.4%. The company's fixed assets grew by 8.8% year over year, driven by an increase in related party by 47.2% to \$599.9M as June 2023. Notably, current assets rose by 8% yoy for the Q2 2023 period, moving from \$2.6B to \$2.8B. Inventories and other receivables and prepayments increases are the primary drivers of the higher current assets. Inventories increased by 11.4% to \$1.9B at the end of Q2 FY2023 (Q2 FY2022: \$1.7B), accounting for 37% of total assets. Meanwhile, other receivables and prepayments rose to \$224.8M from \$117.6M the prior comparable period. Notably, there was a downturn in cash and cash equivalents for the 6M period to \$108.8M from \$123M.

Total liabilities increased by \$537.6M, or 19.5%, and stood at \$3.29B as at December 2022. Current liabilities surged from \$822.5M to \$1.79B. This jump is attributable to the rise in current portion of long term loan, which surged to \$812.9M from \$181.4M the prior comparable period, as the company's secured and unsecured corporate bonds becomes current. Fosrich highlighted that these bonds will be refinanced. Furthermore, trade and other payables rose by 32.9% at the end of the 2022FY, booked at \$792.8M, compared to \$596.7M as at the end of the 2021FY. Non-current abilities totalled \$1.50B as at the end of the 2022FY, down by 22.2% when compared to the 2021FY. This decrease in non-current liabilities was primarily driven by a 33.4% downturn in long term liabilities, which is booked at \$921.5M in comparison to \$1.38B in FY2021. Fosrich's total equity increased by 75.6%, from \$1.02B in 2021, to \$1.78B in 2022. The main contributors to this growth was retained earnings and capital reserves which grew to \$852.6M and \$562.9M respectively. Subsequently, for the six month's period 2023, shareholders' equity now stands at \$1.94B, up from the \$1.82B reported June 2022. This increase of \$124.5M was driven by a rise in retained earnings for the 6M 2023 period, booked at \$1.02B.

For the 2022FY, the growth in Fosrich's liabilities corresponds to a growth in total interest bearing debt by 10.8% to \$1.73B, up from \$1.56B. However, due to the company's equity growing at a faster pace for the period under review, the company's leverage decreased, as the debt/equity ratio moved from 1.54x to 0.97x.

The company's current ratio for FY2022 period was 1.69x, a decline from a ratio of 2.83x in 2021. The company's quick ratio followed a similar trend, which stood at 0.43x, a decline from 0.66x in 2021. Since then, the company's liquidity position improved relative to FY2022,

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however, deteriorated year over year for the 6M period. Fosrich's current ratio for the 6M period was 2.68x, a decline from 3.06x a year ago, while the quick ratio was down to 0.89x from 1.08x. Cash ratio stood at 0.10x from 0.14x the prior corresponding period.



Additionally, the company's average cash conversion cycle has decreased to 331 days from 389 days. This indicates that the company is taking a relatively shorter time to sell inventories and recovering cash from these sales while paying suppliers. The main contributor to the decrease in the average cash conversion cycle is the decrease in the average Days Inventory Outstanding (DIO) from 452 days during the 2021FY to 339 days during the 2022FY.

Cash Flow Statement Overview

Cash from operating activities (CFO) represented inflows of \$92.13M for the twelve-month period, relative to outflows of \$67.77M in 2021. The improvement in CFO was mainly driven by Fosrich's increased profits for the 2022FY. Notably, the working capital positioning of the Company has deteriorated. Specifically, operating cash flow before working capital amounted to \$581.34M relative to \$366.33M in the prior year, a 58.7% increase. However, the change in working capital for the period has amounted to an outflow of \$489.21M, larger than the prior year's outflow of \$434.1M. A main driver to the lower working capital is the increase in inventories from an outflow of \$326M to an outflow of \$464.6M.



Cash from investing activities represented an outflow of \$53.22M for FY2022, relative to an outflow of \$71.24M in 2021. This was driven by the purchase of PPE, representing an outflow of \$59.57M, while encashment of investment generated cash in the amount of \$6.35M for the 2022FY.

Cash from financing activities represented an outflow of \$7.11M for the period, relative to an inflow of \$175.05M in 2021. This was mainly driven by the decrease in loans received from \$591.49M in FY2021 to \$381.63M in FY2022. Notably, cash was used to pay dividends in the amount of \$60.27M relative to \$51.73M in FY2021. Moreover, the company paid interest and repaid loans amounting to \$137.87M and \$196.35M respectively.

In FY2022, the company experienced a gain of \$31.79M to its cash balance (not accounting for currency translation gains) from a gain of \$36.04M the prior financial year. To date, for the 6M 2023 period, the working capital positioning of the Company has improved year over year. However, operating cash flow before working capital amounted to \$240.16M relative to \$347.64M in the prior year, a 30.9% decrease due to a downturn in profits reported for the 6M 2023 period. The change in working capital for the period has amounted to an inflow of \$219.86M from an outflow of \$220.42M the prior comparable period. Consequently, net operating cash flow for the 6M period ended June 2023 amounted to an inflow of \$420.25M relative to an inflow of \$111.4M the prior year.

Outlook & Valuation

REAL VALUE ADDED IN THE GOODS PRODUCING INDUSTRIES (%)					
	Apr-Jun 2022	Jul-Sep 2022	Oct-Dec 2022	Jan-Mar 2023	Apr-Jun 2023
Goods Producing	-1.9	5.4	4.7	1.0	1.0
Agriculture, Forestry & Fishing	6.4	15.3	5.9	-6.9	-7.1
Mining & Quarrying	42.5	-37.6	99.0	114.7	183.1
Manufacturing	5.7	9.4	5.4	3.6	-0.8
Construction	-5.2	-3.1	-4.8	-4.2	-9.3

According to the Planning Institute of Jamaica (PIOJ), the Jamaican economy continued its recovery in Q2 2023 (April-June) recording a year over year increase of 1.5%. The goods producing sector recorded a 1.0% increase while the services sector recorded a 1.8% increase. Notably, the Construction industry declined for a fifth-consecutive quarter between April and June 2023. The real value added in construction during the April-June 2023 quarter declined by approximately

3.3% compared with April-June 2022. There was an 8.0% contraction in the real sales of construction inputs which supported the building construction division. This performance was driven by 21% downturn in total housing starts by National Housing Trust (NHT), relative to the corresponding quarter of 2022. The construction industry is expected to further contract compared with the corresponding quarter of 2023. This assumption was formed due to the downturn in the construction sector for five (5) consecutive quarters and the likely negative impact rising interest rates would have on the industry.

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The BOJ decided to maintain the policy interest rate at 7.0% and continue to maintain relative stability in the foreign exchange market. The Bank noted however, that, while interest rates in the money and capital markets had generally increased in line with the policy rate, the response of deposit-taking institutions (DTIs) in the relation to the interest rates on their products had been slow. Some DTIs had recently adjusted their deposit and lending rates marginally and announced future rate increases. As such, tightening of the monetary policy environment to contain inflation, is likely to translate to higher rates to finance housing developments and purchases, i.e. higher mortgage rates. Therefore, a possibly subdued construction industry for the projected period is likely to have a corresponding effect on Fosrich's revenue generation.

Notably, annual inflation for July 2023 was 6.6%, above the Bank of Jamaica's (BOJ) target range of 4-6%. According to the BOJ, inflation is forecasted to generally decelerate to the Bank's target range of by the December 2023 quarter, with the exception of a few months in 2024. However, higher agricultural prices, higher education costs and wage pressures are expected to result in a continued uptick in inflation above the target range during the September 2023 quarter. Therefore, in the near term, there is likely to be relatively further increase in Fosrich's cost of sales margins and operating expenses margins due to inflationary pressures.

According to the World Bank, commodity prices have declined from their record levels in 2022 but remain well above their pre-pandemic (2015-2019) average. After rising by 45% in 2022, commodity prices are expected to fall by 21% in 2023 and remain mostly stable in 2024. The World Bank highlighted, specifically copper prices jumped 11% in 2023Q1 from the previous quarter and were 54% above their 2015-2019 average. Notably, prices surged at the start of the year on expectations for a robust recovery in China's property sector, as China accounts for approximately 57% of global copper consumption. However, prices edged lower during the rest of the quarter as expectations adjusted toward a less metal-intensive recovery in China. A slowdown in real estate sectors in some advanced economies also weighed on copper demand growth, as metal is a key input material for electrical power, plumbing, communications, and appliances. While these demand-side developments caused prices to edge lower, production disruptions in the world's three largest copper producers—Chile, Peru, and the Democratic Republic of Congo, supported the increase in prices in the first quarter. Nevertheless, the World Bank highlighted that copper prices are forecast to fall 4% in 2023 compared with 2022, and by a further 6% in 2024 as supply conditions improve. Copper is a key input in Fosrich's products, therefore, a projected downturn in copper prices over the projected period, bodes well for Fosrich's earnings.

For Q1 and Q2 of the 2023FY, Fosrich's cost of sales outpaced the growth in revenue, resulting in a downturn in the company's gross margin. The company highlighted that this mainly due to inflation, material cost increases; escalating copper and PVC ingredient prices and increased shipping prices. The company's operating expense margin followed a similar trend, demonstrating an increasing margin over the first two quarters, which ultimately impacts Fosrich's bottom line. In addition, the company is entitled to remissions of taxes for ten (10) years since listing on the Jamaica Stock Exchange's Junior Market. Since December 19, 2022, the company is now subject to paying 50% of corporate taxes, which is likely weaken the company's future earnings. With increases in cost of sales, operating expenses and the payment of taxes, there was a downturn in Fosrich's year over year net income for Q1 2023 (-23.4%) and Q2 2023 (-70.7%).

Fosrich highlighted their strategic initiative to grow their business to take advantage of the upsurge in demand for PVC pipes and fittings, as well as electrical supplies and to boost its export business, which includes exporting PVC pipes to the region. The company has already taken various steps to achieve this goal, by investing in the expansion of their manufacturing capacity, in order to meet the export market and the operations at its associated company, Blue Emerald. Moreover, Fosrich stated their intentions to target the energy sector by plans to offer more solar energy solutions to the Jamaican market. The increase in inflation and fluctuation in oil prices is likely to increase consumers' electricity bills. As such, this is likely to grow consumers/businesses uptake of transitioning to solar energy. Additionally, Fosrich highlighted its intentions to operate all their plants on solar energy. Also, the construction of the new Fosrich Superstore and Corporate offices is expected to be completed by Q2 2024. These initiatives are likely to improve revenue, improve margins and future earnings.

We are forecasting revenues of \$4.6B for the year ended December 2024, and net profits of \$298.5M, which corresponds to earnings per share (EPS) of \$0.06. We are forecasting a forward book value of \$2.53B as at December 31, 2024, which translates to a book value per share of \$0.50. We employed the price-multiples approach to determine the fair price for Fosrich. We utilized the harmonic mean P/E of comparable listed companies to arrive at a market multiple of 17.4x, which when applied to the forward EPS of \$0.06 resulted in a target price of \$1.02, while the P/B for the peer group of 1.93x yields a price of \$0.97.

The 5-yr historical average for the P/B ratio is 5.1x, which when applied to the forward BVPS yields a price of \$2.57. The 5-year historical average for the P/E ratio is 30.44x, which when applied to the forward EPS yields a price of \$1.81. **The average of our price forecasts, \$1.59 is 18.8% lower than the closing price of \$1.96 in late September. By utilizing the 80th and 20th**

percentile of the P/B and P/E valuation variance, we calculated our upper and lower price targets, which are \$2.11 and \$1.00 respectively.

Company	Market Capitalization	Price to Earnings	Price to Book	Return on Equity	Return on Assets	Dividend Payout	Dividend Yield
CAC	454,193,548		1.1X	-9.20%	0.30%	0.00%	0.00%
DTL	8,704,052,486	17.9X	1.9X	10.20%	5.50%	0.00%	0.00%
EFRESH	1,177,800,000	11.5X	2.8X	22.40%	7.70%	0.00%	0.00%
FINA	13,168,410,656	20.1X	5.9X	28.50%	9.80%	19.07%	1.14%
INDIES	601,005,000	21.5X	6.5X	17.90%	7.20%	66.68%	3.78%
JETCON	612,675,000	112.0X	1.0X	0.90%	1.30%	0.00%	0.00%
LASD	14,843,208,375	10.3X	1.7X	18.57%	8.40%	18.20%	3.54%
LUMBER	1,447,786,875	10.0X	2.5X	27.20%	13.90%	25.30%	2.30%
MDS	1,057,894,738	17.6X	1.0X	5.40%	3.90%	17.47%	1.40%
Sector Average	4,674,114,075	17.4X	1.9X	13.54%	6.44%	30.37%	2.43%
FOSRICH	9,844,600,878	60.3X	6.1X	10.10%	5.30%	18.56%	0.31%

Key Risks to our price target

While we believe Fosrich's business model to be sound, it still faces operational risks. Due to Fosrich's higher level of inventories, a decrease in market demand would leave the company carrying inventories it is unable to clear in a timely manner.

Additionally, a key risk to our earnings target are Fosrich's ability to contain its cost of goods sold. Cost of goods sold can be impacted due to increase in cost of global commodities, as a result of demand outpacing supply, ongoing global supply chain issues and increasing transport cost.

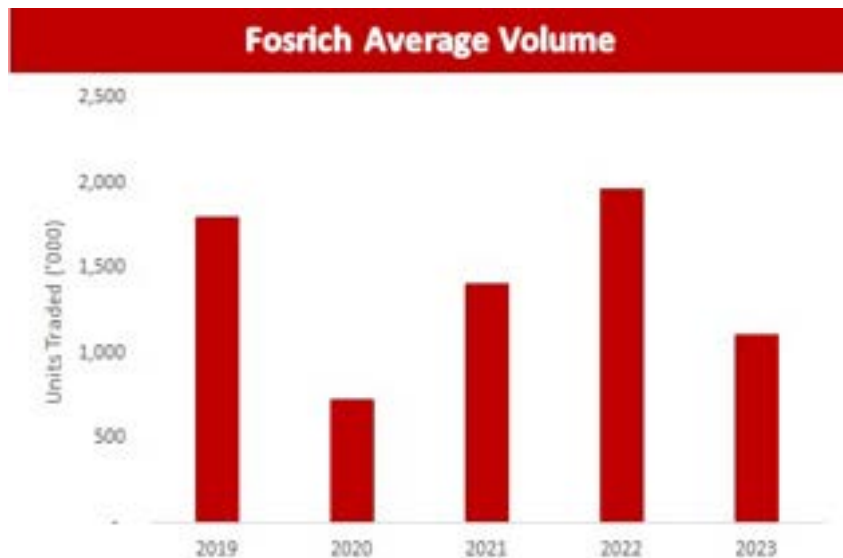
Recommendation

We are revising our recommendation on FosRich to **UNDERWEIGHT**, given the near to medium term challenges. In addition, our recommendation considers the stability of FosRich's earnings, operating cash flow, balance sheet strength and shares liquidity.

Our recommendation has been adversely affected by the downturn in profit recorded for the first two (2) quarters for the 2023FY and we foresee a slowdown in profitability for FY2024. Though we are optimistic about a recovery in the medium to long-term, we predict a deceleration from the significant growth rates we've witnessed over the past four periods (2018-2022). This asset is most suitable for equity investors with a medium to high risk tolerance.

FOSRICH's stock performance year to date (YTD), depreciated by 53.3%, which is below the YTD performance of the Jamaica Stock Exchange (JSE) Junior Market. Moreover, FOSRICH's liquidity has improved year over for the 2022YE, the average daily volume stood at 1.96M units traded in comparison to 1.41M units traded the 2021YE.

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ABBREVED FINANCIALS	YEAR END					CHANGE	SIX MONTHS		CHANGE
	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022		Jun-22	Jun-23	
Revenue	1,293,223,605	1,612,164,170	1,895,680,002	2,351,146,322	3,372,945,924	43.5%	1,799,088,634	2,024,651,091	12.5%
Cost of Sales	(759,227,812)	(902,215,700)	(1,070,926,098)	(1,308,000,581)	(1,980,686,522)	51.4%	(1,028,103,199)	(1,206,802,453)	17.4%
Gross Profit	533,995,793	709,948,470	824,753,904	1,043,145,741	1,392,259,402	33.5%	770,985,435	817,850,638	6.1%
Administrative distribution and marketing expense	(422,793,468)	(487,324,506)	(505,750,293)	(631,626,512)	(790,011,425)	25.1%	(405,118,355)	(526,735,795)	30.0%
Net Income	90,390,215	106,886,060	125,695,400	199,309,658	324,712,241	62.9%	297,970,112	162,496,611	-45.5%
Total Assets	2,052,591,331	2,450,064,317	3,056,388,378	3,766,603,299	5,072,552,906	34.7%	4,690,190,658	5,081,880,354	8.4%
Total Liabilities	1,359,243,144	1,650,469,444	2,187,825,014	2,749,865,968	3,287,440,258	19.5%	2,015,309,205	2,083,511,825	3.4%
Total Shareholder's Equity	693,348,187	799,594,872	868,563,364	1,016,737,331	1,785,112,648	75.6%	1,818,080,459	1,942,598,525	6.8%
EPS (\$) (adjusted for stock split)	0.02	0.02	0.03	0.04	0.06		0.06	0.03	
Book Value per share (\$)	1.38	1.59	1.73	2.02	3.55		0.36	0.39	
Price to Earnings (x)	21.56	19.65	16.42	22.81	64.97		54.54	71.09	
Price to Book (x)	1.38	1.59	1.73	2.02	3.55		8.94	5.95	
Key Ratios									
Gross Profit margin	41.3%	44.0%	43.5%	44.4%	41.3%		42.9%	40.4%	
Net Profit margin	7.0%	6.6%	6.6%	8.5%	9.6%		16.6%	8.0%	
Return on Assets	4.4%	4.4%	4.1%	5.3%	6.4%		6.4%	3.2%	
Return on Equity	13.0%	13.4%	14.5%	19.6%	18.2%		16.4%	8.4%	
Current ratio (x)	4.16	4.30	3.46	2.83	1.69		3.06	2.68	
Quick ratio (x)	1.12	1.20	0.95	0.66	0.43		1.08	0.89	
Cash ratio (x)	0.21	0.35	0.06	0.09	0.06		0.14	0.10	
Debt/Equity (x)	1.45	1.41	1.49	1.54	0.97		0.93	0.88	

Source: www.jamstockex.com, www.boj.org.jm, www.pioj.gov.jm, www.worldbank.org, Bloomberg, Company Financials, Company Prospectus, JMMB Investment Research.

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APPENDIX

IMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation **DEFINITIONS/RECOMMENDATIONS**.

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STRONGLY UNDERPERFORM/ STRONGLY UNDERWEIGHT—REDUCE EXPOSURE TO THIS ASSET TO BELOW 2.5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

SELL—REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO (0%).

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