



Equity Research: Trinidad & Tobago

HY08 Results

Earnings Per Share

GraceKennedy Limited (GKC) for the Half Year Ended June 30, 2008, reported a diluted Earnings Per Share (EPS) of \$3.51, up 4.2 per cent or \$0.14 on the corresponding EPS of \$3.37 in HY07. Q208 on Q207, GKC's EPS grew a minimal of 1.9 per cent or \$0.03 from \$1.56 to \$1.59. According to the Directors, GK Foods had a challenging quarter due to rapidly escalating fuel and food prices while GK Investments performed creditably for the second quarter.

Financials

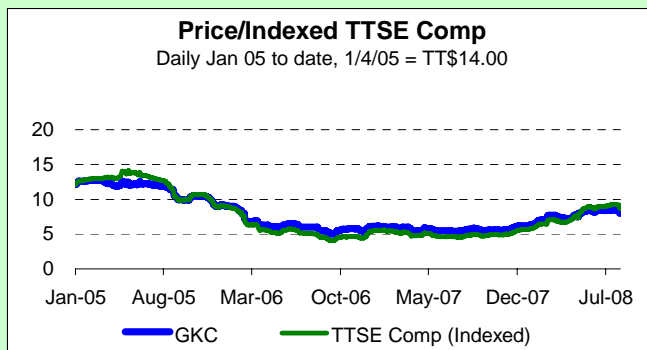
- Revenue, up 19.1 per cent or \$4.4 billion to \$27.3 billion
- Expenses, up 19.3 per cent or \$4.2 billion to \$25.8 billion
- Operating Income, up 16.0 per cent or \$209.0 million to \$1.5 billion
- Other Income, up 0.4 per cent or \$1.4 million to \$371.7 million
- Operating Profit, up 12.5 per cent or \$210.5 million to \$1.9 billion
- Interest Income from Non-Financial Services, up 7.7 per cent or \$14.6 million to \$203.2 million
- Interest Expense from Non-Financial Services, down 13.7 per cent or \$45.8 million to \$289.2 million
- Profit After Tax, up 13.4 per cent or \$150.1 million from \$1.1 billion (HY07) to \$1.3 billion (HY08)

Business Divisions

GK Foods

For the period under review, GK Foods saw Revenue increase by 18 per cent. However pre-tax profit was below that reported for the same period in fiscal 2007. As previously mentioned, this was due to escalating fuel and food prices which evidently would have increased GKC's production costs. Despite these challenges, the Jamaican conglomerate proceeded with its expansion in the international markets. Grace Instant Porridges was launched in the US market while Grace Tropical Rhythms Refreshers and Grace Snacks were launched in the UK.

Date	13-Aug-08
Recommendation	BUY
Price (TT\$)	7.80
Target Price (TT\$; 12 months)	8.25
52 week high - low (TT\$)	8.51 - 5.51
Market cap. (TT\$MM)	2580.5
Float cap. (TT\$MM)	2476.4



On 12/31/04 the TTSE Comp was at 1,074.

Period	YE08E	YE07A	YE06A	Chnge. %
(in Jmd\$MM except where noted)				
Revenue	58,012	48,749	36,088	35.1%
Expenses	55,325	45,723	34,349	33.1%
Profit from Operations	4,686	5,138	2,548	101.7%
Interest Income	382	364	402	-9.4%
Interest Expense	(633)	(745)	(458)	62.6%
PBT	4,474	4,802	2,525	90.2%
EPS	9.02	10.45	5.61	86.3%
- Q1	1.94	1.81	1.44	25.7%
- Q2	1.59	1.56	1.28	21.9%
- Q3		1.72	1.24	38.7%
- Q4		5.36	1.63	228.8%

Period	Q308E	Q208A	Q207A	Chnge. %
(in Jmd\$MM except where noted)				
Revenue		13,550	12,371	9.5%
Expenses		12,874	11,769	9.4%
Profit from Operations		870	838	3.8%
Interest Income		108	85	27.1%
Interest Expense		(143)	(178)	-19.7%
PBT		846	758	11.6%
EPS (Diluted)		1.59	1.56	1.9%

Research team

Nancy Chen
(868) 625-9473 x2225
nancyc@wisett.com

Nursama Juman
(868) 625-9473 x2227
nursamaj@wisett.com

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