News Release

GRACEKENNEDY HALF YEAR REVENUES UP J$5 BILLION OR 9.8%; PROFIT BEFORE TAX UP 53.2% OVER PRIOR YEAR PERIOD

Kingston, Jamaica, July 30 – In its unaudited results for the six months ended June 30, 2020, the GraceKennedy (GK) Group is announcing a second straight quarter of growth. The Group realized revenues of J$56.5 billion, an increase of J$5 billion or 9.8% compared to the corresponding period last year, and a 53.2% improvement in profit before tax to J$4.5 billion. There was a 34.3% increase in Net Profit after tax (J$3.1 billion), with Net Profit attributable to stockholders reflecting a double-digit increase of 36.5% over 2019. The Group also registered an increase of 85.6% in Profit before other income to J$3.1 billion, and an increase in Profit from Operations of 60.5% to J$4.56 billion compared to the same reporting period in 2019. Earnings per stock unit for the period was J$2.77.

GK Group CFO, Andrew Messado has also announced a dividend payment of 40 cents per stock unit, payable on 24 September 2020, totaling approximately J$396 million.

According to Group CEO, Don Wehby, the Group's strong performance in the first half of 2020 is due to increased revenue and improved margin management, as well as increased focus on operational efficiency and cost containment. "These measures will continue for the rest of the year given the magnitude of the spread of COVID-19 and its impact on the economies in which we operate and our consumers," Mr Wehby said.

Mr Wehby also spoke to GraceKennedy's increased support of communities in which it operates in response to the pandemic. In Jamaica, in collaboration with the Grace and Staff Foundation, the Company donated J$5 million towards the purchase of 200 tablets and several laptops for students and teachers in need, to enable access to remote learning platforms while schools have been closed due to COVID-19.

Both GK's local and international food businesses reported noteworthy results for the first half of 2020, with the Jamaican foods distribution company continuing to realize positive results from a strong product mix and improved margins. This growth was influenced by strong demand for Grace Foods' key products, and an improved supply of raw materials bolstered by the harvesting of the GK Agro Park's first crop. Grace Foods also improved its operational efficiency, with the commissioning of its first onsite liquified natural gas (LNG) plant at its meat processing factory in Westmoreland. The LNG plant has reduced GK's dependency on heavy fuel, with associated environmental benefits. Internationally, GraceKennedy Foods (USA) LLC and Grace Foods Canada both recorded strong performances, and Grace Foods UK achieved improved margins associated with the successful implementation of strategic initiatives including improved revenues from its Nurishment brand.

Released by the GraceKennedy Corporate Communication Department
GraceKennedy Limited
73 Harbour Street, P.O. Box 86, Kingston, Jamaica, West Indies
Telephone: (876) 922 3440 Facsimile: (876) 948 3073
Website: www.gracekennedy.com

The GraceKennedy Financial Group (GKFG) realized growth in revenues and profit compared to the corresponding period of 2019, despite being impacted by additional impairment provisions related to loans receivable under IFRS 9, and credit risk associated with COVID-19. GKFG's Money Services segment registered an increase in both revenue and pre-tax profit compared to the prior year period, and leveraged opportunities presented by the COVID-19 pandemic to drive the adoption of digital channels. This led to significant growth in transaction volumes from these channels. In line with GK Group's digital transformation strategy and its response to the pandemic, GKONE Digital, Jamaica's first cashless financial services store, was opened on Harbour Street in Downtown Kingston in July. The new one-stop-shop provides cashless financial services including banking, insurance, bill payment, remittance, consumer loans and cambio services all at one location.

GK's Insurance and Banking and Investments segments also reported growth in revenue during the period under review. First Global Bank sustained growth in its loan and deposit portfolios, and in collaboration with GKMS, successfully established several thousand accounts for beneficiaries of the CARE program.

"The outlook for the remainder of 2020 is unclear, and we anticipate that the second half of the year could see reduced consumer spending as a result of diminished disposable income. Despite this, GK remains positive, and committed to delivering our products and service with quality. We will continue to manage the business prudently in this environment, for the benefit of our stakeholders," Mr Wehby said.

He added, "We remain grateful to our employees, the lifeblood of our business, for their consistent dedication to our customers which has included a particular focus on front-line workers. We also take this opportunity to thank all our stakeholders for their continued support as we navigate these unprecedented times. GK will continue to be both proactive and responsive in dealing with the challenges of COVID-19."

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Contact: Suzanne Stanley
Head of Corporate Communications
(876) 809-1121