

SPSE CODE: PBF | CURRENT SHARE PRICE: \$12.21 | DATE LISTED: 11/2/1997

INTRODUCTION

Greetings from SPSE!

In this edition of listed company insight, the SPSE Investor Education team catches up with the newly appointed **General Manager, Mr Mike Spencer** of **Paradise Beverages (Fiji) Limited (PBF)**, the local brewery company.

Similar to our earlier articles for other listed companies, we will focus on how PBF has done financially and provide a snapshot of the company's key stock market related statistics and the details regarding the company's upcoming Annual General Meeting.



Mr Mike Spencer,
General Manager, Paradise
Beverages (Fiji) Limited

COMPANY PROFILE

The principal activities of the PBF Group are the manufacture and sale of beer, ready-to-drink alcoholic beverages as well as the distillation and sale of portable and industrial alcohol. PBF was formerly known as Foster's Group Pacific Limited and changed its name in 2012 after Coca Cola Amatil (Fiji) Limited bought majority shares in the company.

DIRECTORS & SENIOR MANAGEMENT

- Mr George Forster (Chairperson)
- Mr Shane Richardson (Director)
- Mr Cecil Browne (Independent Director)
- Mr Alex Nario (Director)
- Mr Gardiner Whiteside (Independent Director)
- Mr Mike Spencer (General Manager)
- Mr Vinish Singh (Chief Financial Officer/Company Secretary)

PRODUCTS (selection only)



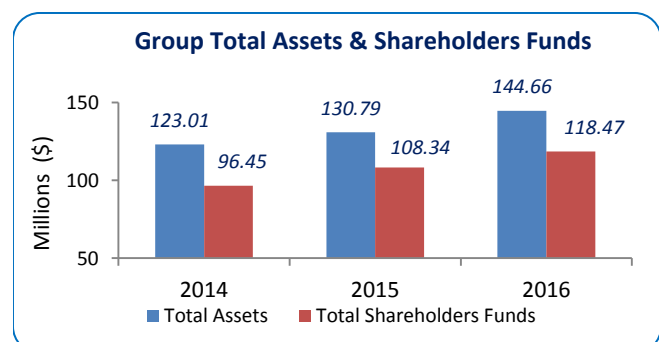
FINANCIAL PERFORMANCE HIGHLIGHTS

SPSE: 2016 has yet been another strong year for the Group as depicted by a consistent growth in revenue and profitability. What were the Group's key financial highlights for 2016 driving the level of growth during the year?

PBF: Key group financial information for the year ended 2016 is as follows:

- Profit before income tax was \$15.4m, for the prior period was \$13.6m, reflecting a 13.2% increase;
- Profit for the year (after income tax) was \$13.5m, for the prior period was \$12.4m, reflecting a 9.2% increase;
- Return on equity (defined as net profit after tax divided by equity) was 11.5%, for the prior period was 11.4%;
- Earnings per share was \$1.30, the prior period was \$1.19; and
- Other key financial statistics that an investor can consider (displaying a three year trend) are tabulated below:

Particulars	Dec-14	Dec-15	Dec-16
	FJD (\$m)	FJD (\$m)	FJD (\$m)
Revenue	86.7	93.2	97.7
Return on Assets (%)	9.1	10.7	10.7
EBIT Margin (%)	12.8	14.9	15.8
Net Profit Margin (%)	11.4	13.3	13.8



NEW INVESTMENTS

SPSE: Few capital investment projects were planned for in 2016 period. What were these capital investment projects related to? What is the current status of these projects and how beneficial have these new investments been on operational efficiency and company performance?

PBF: The capital investment plan set in late 2012 progressed as intended during 2016. F\$17m was invested in 2016, bringing the total invested post the acquisition to F\$46m. The majority of the 2016 investment was at our Suva Brewery, with the new Brew house being successfully commissioned early in the year. The focus then moved to commencing the Packaging Line Upgrade and the Suva Site Redevelopment projects.

The key capital investments for the year included:

- Suva Packaging Line Upgrade
- Suva Site Redevelopment
- Suva High Gravity Brewing
- Distillery Steam Boiler
- Samoa Cold Drink Refrigerators

Taken together, the abovementioned capital investment represents the largest business transformation in the company's 59 year history and reinforces the confidence the Board has in the company's future.

PRODUCT EXPANSION

SPSE: On new products - should the market be expecting any new products any time soon?

PBF: We have launched 4 new products in the first half, including our new Katia Triple Distilled Vodka and 3 flavours – Kumquat, Tropical Melon, Pineapple. For the second half of the year we have a new and exciting RTD which is coming soon. We also have a couple of big ones for the last quarter utilizing our new capability with packaging innovation.

FUTURE OUTLOOK

SPSE: What developments can your shareholders expect in 2017 that will further improve shareholder value?

PBF: The Company has budgeted \$21.3m for the capital investment program in 2017. Key projects for the year include the completion of the major redevelopment works at Suva Brewery (bottle/can line upgrades, admin office/raw material storage/employee amenities), and the commencement of the redevelopment of the Lautoka Distillery (bottle line and wastewater treatment plant).

Efficiencies from the capital investment program will start to be realised mid 2017 along with reduced costs. In addition, we will continue with our new product development and there will be some exciting products brought to the local and international market this year from Paradise.

INVESTOR INFORMATION

■ Current Market Cap (25 th May 2017):	\$127,083,206
■ Current bid price (25 th May 2017):	\$12.30
■ Current offer price (25 th May 2017):	\$13.00
■ Current Dividend Yield:	2.46%
■ Total Issued Shares:	10,408,125
■ Sector Represented:	Manufacturers & Wholesalers
■ Stockbroker Recommendation:	Hold

SUBSIDIARY PERFORMANCE

SPSE: The Samoa-based arm of the company has recorded a profit in 2016 after seeing challenging past years. What were the remedies applied in the company's operations to ensure a turnaround?

PBF: Turnaround to profitability was primarily driven by revenue growth on the back of price increase and favourable intra-brand mix and reduction in cost of sales. The company also invested in human capital and upgraded its plant and equipment which led to increase in efficiencies across the business operations.

DIVIDEND RETURN

SPSE: Following the completion of certain capital investment projects, PBF has been giving special dividends for the past two years. Should your shareholders be expecting a similar level of dividend this year?

PBF: In relation to the 2016 financial year, the directors are recommending \$0.30 per share dividend, to be approved by the Shareholders in its upcoming Annual General Meeting (AGM).

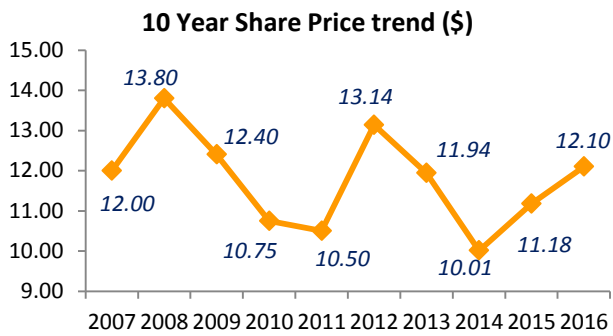
ANNUAL GENERAL MEETING

Details of the upcoming Annual General/Shareholders meeting for PBF are as follows:

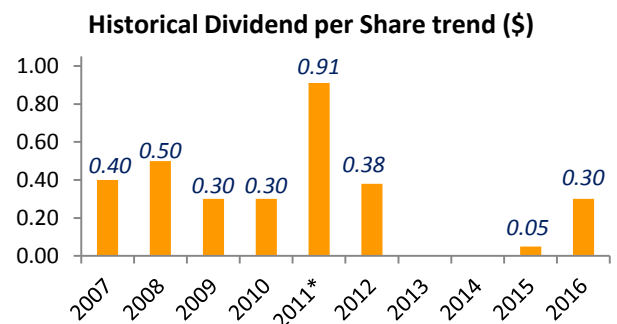
- Date: Wednesday, 31st May 2017
- Time: 1pm
- Venue: PBF Boardroom, 122-164 Foster Road, Walu Bay, Suva

If you're a shareholder in PBF, you have a RIGHT TO ATTEND this meeting. It is the occasion during the year where you get a chance to interact with company executives, directors, and fellow shareholders and raise issues related to the company.

HISTORICAL SHARE PRICE TREND



HISTORICAL DIVIDEND TREND



* 2011 – Includes a special dividend of \$0.78 per share

INVESTING IN LISTED COMPANY SHARES

If you wish to invest your savings in shares of any of the SPSE listed companies, you will need to contact one of the licensed stockbrokers who will guide you through the process.

Licensed Stockbroking Firms (You can contact either one of them):

- **Kontiki Stockbroking Ltd (KSB)**
Phone: 3307 284 Email: broking@kontiki.com.fj
- **FijiStock Brokers Ltd (FSB)**
Phone: 3304 675 Email: mail@fijistockbrokers.com.fj
- **FHL Stockbrokers Ltd (FHS)**
Phone: 3307 025 Email: fhls@fijianholdings.com.fj

TOP 5 SHAREHOLDERS

- Coca Cola Amatil (Fiji) Limited – 89.59%
- Fiji National Provident Fund – 1.73%
- Unit Trust of Fiji (Trustee) Co Limited – 0.96%
- Raojibhai Holdings (Fiji) Limited – 0.32%
- Graham R Eden – 0.24%

For further information including those relating to listing on SPSE, listed company performance and/or investing in listed companies, as well as any shareholder related queries regarding your investments in one of the listed companies, please do not hesitate to contact us.

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