

# News Release

## **GraceKennedy announces merger of Nalpro and Canning**

**February 8, 2021, Kingston, Jamaica** - The GraceKennedy (GK) Group has announced that the process to merge two of its local manufacturing divisions has started. The merger will see operations at GK Foods & Services' National Processors (Nalpro) being combined with Grace Food Processors Canning (Canning). The relocation of Nalpro's operations, currently situated in Temple Hall in St Andrew, to Canning at Twickenham Close in Kingston, is projected to take 18 months. Construction is scheduled to begin at Canning in the second quarter of 2021 to accommodate the Nalpro production lines, and the relocation of Nalpro to Canning is expected to be complete by the second quarter of 2022.

Commenting on the move, GK Group CEO, Don Wehby explained, "The strategic decision to merge the operations of Nalpro and Canning is in keeping with GraceKennedy's objectives to increase exports from 30% to 50% of our manufactured output by 2025, and also significantly increase domestic production. Manufacturing is a competitive advantage for our food business, and this move will better position GK Foods to maintain operational excellence. We have invested over US\$12M in upgrading our manufacturing facilities over the past five years and we have also added two new plants at Denbigh and Hounslow. We will continue to invest in modernizing our manufacturing divisions to remain internationally competitive. GK is not only committed to growing our own manufacturing business, but also to making significant contributions to the growth of manufacturing and agro-processing in Jamaica on a whole, which we see as pivotal to national development."

Nalpro currently manufactures drink crystals, cereals, and dry mixes for soups; while Canning produces canned vegetables, sauces, and beverages, including Grace Tomato Ketchup and Tropical Rhythms.

"Relocating Nalpro was really a difficult decision to make, but it's a necessary one that's in the interest of all our stakeholders and in keeping with our Company's vision. We have operated from Temple Hall for over four decades and developed a great relationship with the surrounding community over the years. GK remains committed to supporting them in any way we can going forward," Wehby continued.

CEO of GK Foods – Domestic, Frank James commented, "The merger of Nalpro and Canning has been under consideration by GK for some time, as we are continuously looking for new ways to drive growth, reduce costs and remain internationally competitive. There are considerable transportation savings, reduced export consolidation expenses, and improved administrative efficiencies to be realised with Nalpro's relocation to Canning, which we have determined is the best place to house the merged operations because of its proximity to the ports. Nalpro and Canning play a key role in achieving our export objectives. The timing is right for this merger, and we look forward to making our vision become a reality."

Last September, GK Group CEO Don Wehby reported that GK's manufacturing segment had been successfully navigating the impacts of COVID-19. During the pandemic, GK manufacturing has continued to record significant growth, which the Company attributes to strategic investments and innovation, as well as heightened demand for several key products during the pandemic - vienna sausages, ketchup, canned vegetables, porridges and soups - which are all manufactured locally. Other locally manufactured GK products such as Tropical Rhythms have also experienced growth in Jamaica and internationally.

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