

# IPO Analysis: RA Williams Distributors Limited (RA)

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- IPO Recommendation: **PARTICIPATE**
  - Price Target: **\$1.28**
  - Offer Price: **\$1.00**
- 
- Shares on Offer: 400,000,000 units
  - Shares Outstanding: 1,600,000,000 units (pre-listing)
  - Shares Outstanding: 2,000,000,000 units (post-listing)
  - Financial Year End: April 30

## ABOUT THE COMPANY

R.A. Williams is a pharmaceutical distribution company that partners with leading global pharmaceutical manufacturers distributing products from Aristopharma Ltd ("Aristopharma"), Square Pharmaceuticals PLC ("Square Pharmaceuticals") and Indus Life Sciences Private Ltd ("Indus Life Sciences") among others. The business was established on October 26, 2009, and began operations in March 2012. Its registered offices are located at 6 Brunswick Avenue, Spanish Town, St. Catherine. With an array of 130 products, R.A. Williams customer base spans across the island serving over 700 customers. Recently, the business has partnered with the National Health Fund ("NHF") providing more than 20 essential pharmaceutical items thereby increasing its distribution line.

Strong local representation of international manufacturing entities and groups is a key component of RA Williams' distribution model. This component is essential to limit risk and minimize exogenous shocks to the business that could disrupt product supply, underscoring the importance of diversification as part of its strategic objectives. The company signed a lease for a new building on March 1, 2024. The building is located adjacent to the previous warehouse and has 21,000 square feet of operating space which is expected to increase efficiency and support scalability efforts.

## FINANCIAL PERFORMANCE SUMMARY

J\$'000	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
<b>Revenue</b>	647,008	993,994	1,407,868	1,496,894
<b>Gross Profit</b>	300,932	419,574	592,953	693,148
<b>Operating Profit</b>	69,459	99,047	161,205	133,515
<b>Net Profit</b>	41,639	52,387	98,492	84,652
<b>Total Assets</b>	572,998	783,823	844,563	1,353,472
<b>Total Equity</b>	149,993	202,380	300,872	385,523
<b>Total Liabilities</b>	423,005	581,443	543,692	967,949

- **Dividend Policy**

If the Company is admitted to the Junior Market of the Jamaica Stock Exchange, the Directors plan to implement an annual dividend policy of up to 25% of net profits available for distribution, subject to the need for reinvestment in the Company from time to time.

The Company intends to use the proceeds of the equity raise to:

  1. Approximately \$113,721,658.00 will be used to eliminate related party loans.
  2. Approximately \$190,928,205.00 will be used to eliminate short term loans.
  3. Payment of fees associated with IPO (\$49 million)
  4. Balance of proceeds (i.e. \$46,350,137) will be used for general working capital purposes and the purpose of solar equipment installed in the new building.
- **Use of Proceeds**
- **Outlook**

With a wide range of OTC and prescription medication options, RA Williams is one of Jamaica's top pharmaceutical distributors, meeting a variety of therapeutic needs. The organization's emphasis on extended commercial agreements guarantees consistent revenue streams, especially in vital domains such as respiratory and cardiovascular health. With the support of alliances and expanded infrastructure, it deliberately places an emphasis on affordable generics that are in line with Jamaica's healthcare aspirations. Thanks to its strategic objectives and strong market position in Jamaica's changing healthcare scene, RA Williams is well-positioned for growth, even in the face of economic changes and regulatory hurdles.

Our target price was determined by utilizing the Comparable and Discounted Free Cash Flow to Firm (FCFF) valuations. The company's estimated earnings for the following five years were discounted using the weighted average cost of capital (WACC), which was calculated using a 10.3% WACC. The intrinsic value of each share was therefore \$1.66. Our 2025 EPS estimate of \$0.10 was multiplied by the industry average P/E of 20.00x to get at a relative value of \$1.23. The industry average P/B of 4.0x was multiplied by the projected 2025 BVPS of \$0.58 to yield a value of \$0.95. The price consensus of **\$1.28** was determined by averaging these three.
- **Projections and Valuation**
- **Risks to Price Target**

RA Williams might not achieve the projected target price if it performs inefficiently, is negatively impacted by intense competition, experiences interruptions in the distribution chain, cannot implement its plan as planned, or if Jamaica's economic conditions negatively affect its profits.

## ABRIDGED OFFER DETAILS

<b>ISSUER</b>	RA Williams Distributors Limited
<b>LEAD ARRANGER</b>	Sagikor Investments Jamaica Limited
<b>LEAD BROKER</b>	Sagikor Investments Jamaica Limited
<b>ISSUE</b>	Total of 400,000,000 Ordinary Shares: <ul style="list-style-type: none"> <li>• General Public – 210,000,000 units</li> <li>• Reserve Pool Shares for Key Partners - 160,000,000 units.</li> <li>• Employees Reserve Pool Shares - 30,000,000 units</li> </ul>
<b>OFFER PRICE</b>	\$1.00 per share
<b>MINIMUM APPLICATION</b>	1,000 shares with increments of 100 shares thereafter
<b>MINIMUM AMOUNT TO BE RAISED</b>	\$400,000,000 (as per Rule 501(2)(b) of the Junior Market rules) as a result of the Invitation made in the Prospectus and (ii) meet the criteria for admission set out in the Junior Market Rules). If the company does not raise the minimum amount, then the application for the shares to be submitted to the Junior Market will not be made and all applications will be returned.
<b>KEY DATES</b>	Opening Date: July 17 <sup>th</sup> , 2024, at 9:00 a.m. Closing Date: July 31 <sup>st</sup> , 2024, at 4:30 p.m.
<b>USE OF PROCEEDS</b>	The proceeds will be used for: <ol style="list-style-type: none"> <li>1. Approximately \$113,721,658.00 will be used to eliminate related party loans.</li> <li>2. Approximately \$190,928,205.00 will be used to eliminate short-term loans.</li> <li>3. Payment of fees associated with IPO (\$49 million)</li> <li>4. The balance of proceeds (i.e. \$46,350,137) will be used for general working capital purposes and the purpose of solar equipment installed in the new building.</li> </ol>

Table 1. Abridged Offer Details

## CORPORATE GOVERNANCE

The RA Williams Distributors Limited Board of Directors is made up of seven (7) people, three (3) of whom are directly involved in the company's operations and three (3) of whom are independent non-executive directors. Each director brings a wealth of expertise and experience to their respective fields, which has benefited the business and will be used to propel expansion into the pharmaceutical production, retail pharmacy, and distribution sectors. The company's Board of Directors is composed of more than 50% qualified and registered pharmacists. Two independent non-executive directors make up each of the two new committees that the board has formed: the Audit Committee and the Remuneration Committee.

<b>NAME</b>	<b>POSITION</b>
John R. Bailey	Chairman
Evelyn Williams	Chief Quality Officer and Co-Founder
Audley Reid	Chief Executive Officer and Co-Founder
Jewel Reid	Chief Operating Officer and Co-Founder
Dr Tonoya Borrows	Independent Non-executive Director
Dr. Marjorie Fyffe-Campbell	Independent Non-executive Director
Douglas Lindo	Independent Non-executive Director
Richard Nevers	Company Secretary

Table 2. Corporate Governance

## SHAREHOLDINGS

400,000,000 newly created ordinary shares will be made available to each of the two application pools—reserved and non-reserved. About 210,000,000 shares, or 52.50% of the total number of shares outstanding, will be available to the public while Key strategic partners and company employees will receive the remaining 190,000,000 units.

Shareholders	Shareholding (Pre-IPO and stock split)	Issued Capital (%)	Shareholding (Post IPO and stock split)	Issued Capital (%)
Ravers Limited (owned by the estate of Raby Danver Williams)	394,996,708	24.69%	394,996,708	19.750%
Jorden Investments Limited (owned by John Bailey)	394,996,708	24.69%	394,996,708	19.750%
Ranwill International Holdings Limited (owned by Evelyn Williams, Audley Reid and Jewel Reid)	789,993,417	49.37%	789,993,417	39.50%
Tonoya Toyloy-Borrows	2,106,649	0.13%	2,106,649	0.105%
Douglas Lindo	2,106,649	0.13%	2,106,649	0.105%
Marjorie Fyffe-Campbel	2,106,649	0.13%	2,106,649	0.105%
Kimroy Williamson	2,106,649	0.13%	2,106,649	0.105%
Deidra Virgo	2,106,649	0.13%	2,106,649	0.105%
Kimberley Johnson-Dockery	2,106,649	0.13%	2,106,649	0.105%
Karlene Gregg	2,106,649	0.13%	2,106,649	0.105%
Suzette Byrue	2,106,649	0.13%	2,106,649	0.105%
Richard Nevers	1,053,325	0.07%	1,053,325	0.053%
Elaine Gordon	1,053,325	0.07%	1,053,325	0.053%
Tamara Melville-Scott	1,053,325	0.07%	1,053,325	0.053%
Company Applicants	-	0.00%	30,000,000	1.500%
Key Strategic Partners	-	0.00%	160,000,000	8.000%
General Public	-	0.00%	210,000,000	10.500%
<b>Total</b>	<b>1,600,000,000</b>	<b>100.00%</b>	<b>2,000,000,000</b>	<b>100.00%</b>

Table 3. Capital Structure and Shareholding Pre- and Post-IPO Breakdown

## INDUSTRY OVERVIEW

The stability and growth of RA William’s operation is heavily dependent on the drug research & development, manufacturing, and distribution sectors. According to Grand View Research, the global pharmaceutical distribution market, valued at approximately \$1.40 trillion in 2023, is on a growth trajectory, with projections indicating a compound annual growth rate (CAGR) of around 6% from 2024 to 2030. This growth is driven by multiple factors, including the increasing prevalence of chronic diseases, the aging global population, and advancements in pharmaceuticals and biologics.

As healthcare demands rise, the need for efficient and widespread distribution of medications becomes more critical. As such enhanced digital platforms and technologies are being adopted to streamline operations and improve efficiency. Additionally, mergers and acquisitions are prevalent as companies seek to expand their market share and distribution capabilities. Regulatory landscapes continue to evolve, imposing stricter compliance requirements that necessitate rigorous operational practices. Another critical area is cold chain logistics, which has gained importance with the increasing demand for biologics and vaccines requiring specialized storage and transportation solutions.



Despite the growth opportunities, the industry faces several challenges. Counterfeit drugs pose a significant threat, necessitating robust systems to ensure the authenticity and safety of pharmaceuticals. Regulatory compliance remains a complex task due to the diverse and ever-changing requirements across different regions. Furthermore, supply chain disruptions caused by natural disasters, geopolitical tensions, and pandemics can significantly impact the distribution of pharmaceuticals.

In the Caribbean, the pharmaceutical distribution market was valued at around \$3.0 billion in 2023, with an anticipated CAGR of approximately 5% from 2024 to 2030. This growth is primarily fuelled by increasing healthcare awareness and proactive government initiatives aimed at improving healthcare infrastructure across the region. Public-private partnerships are becoming more common, with collaborations between governments and private companies enhancing distribution networks and healthcare services. Increased investments in healthcare infrastructure and services, both by public and private sectors, are also contributing to market growth. Additionally, there is a rising demand for cost-effective generic medications, which is further boosting the market.

However, the Caribbean pharmaceutical distribution market faces challenges such as economic instability, which can impact healthcare spending and distribution networks. Infrastructure limitations in certain areas also hinder efficient distribution, making it difficult to reach remote locations, and the threat of natural disasters can also heavily disrupt the distribution of pharmaceutical products.

Jamaica represents a significant segment of the Caribbean pharmaceutical distribution market and is expected to earn US\$ 97 Million and grow by 5 to 6%, according to STATISTA, as stated by the Minister of Industry, Investment, and Commerce. This growth is driven by efforts to enhance local manufacturing capabilities, thereby reducing dependence on imported pharmaceuticals. Local companies such as Cari-Med Limited, LASCO Distributors Limited, Medimpex Jamaica Ltd, and Massy Distributors Limited are key players in the market, ensuring the distribution of pharmaceutical products across the island.

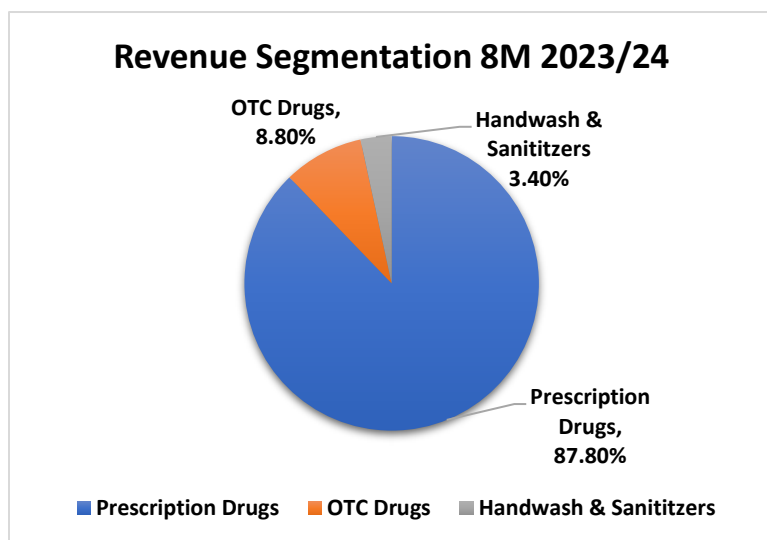
Government initiatives aimed at improving healthcare access and affordability are also driving market growth. These programs focus on expanding healthcare services and making medications more accessible to the population. Additionally, the expansion of retail pharmacy chains is improving drug availability and accessibility, contributing to the market's growth.

The Jamaican pharmaceutical distribution industry faces challenges such as navigating a complex regulatory framework and ensuring compliance with both local and international standards. Supply chain efficiency is another critical issue, with logistical challenges impacting the timely and efficient distribution of drugs. Economic conditions also play a role, as fluctuations can affect healthcare spending and access to medications.

**FINANCIAL PERFORMANCE**

J\$'000	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24
<b>Revenue</b>	501,816	647,008	993,994	1,407,868	1,496,894
<b>Gross Profit</b>	212,942	300,933	419,574	592,954	693,148
<b>Operating Profit</b>	31,158	69,459	99,047	161,206	133,515
<b>Pre-Tax Profit</b>	23,717	49,822	67,835	123,097	97,587
<b>Profit After Tax</b>	17,778	41,640	52,386	98,493	84,653
<b>COGS Margin</b>	57.57%	53.49%	57.79%	57.88%	53.69%
<b>Gross Margin</b>	42.43%	46.51%	42.21%	42.12%	46.31%
<b>Net Profit Margin</b>	3.54%	6.44%	5.27%	7.00%	5.66%
<b>Admin Expense Ratio</b>	17.56%	18.44%	14.54%	15.67%	18.81%
<b>Return on Average Equity</b>	17.87%	32.24%	29.73%	39.14%	24.67%
<b>Return on Average Assets</b>	8.37%	9.99%	7.72%	12.10%	7.70%
<b>Current Ratio (x)</b>	1.82x	1.31x	1.52x	1.52x	1.51x
<b>Debt to Equity (x)</b>	0.87x	1.72x	1.54x	1.25x	1.56x

Table 4. Financial Performance

**HISTORICAL PERFORMANCE (FY 2018/19 – FY 2023/24)**


RA Williams has demonstrated consistent sales growth, increasing from \$500 million in fiscal year 2019/20 to \$1.5 billion by the conclusion of fiscal year 2023/24, achieving a compound annual growth rate (CAGR) of 24%. The company experienced varying annual growth rates, peaking at 53.6% in FY2021/22, with FY2019/20 showing a decline due to supply chain disruptions followed by a recovery in FY2020/21.

The significant revenue growth in FY2021/22 was driven by strategic initiatives such as expanding the product portfolio to include fast-moving, low-margin items and securing new distribution agreements, including one with MSN Lab in Jamaica. This agreement positioned RA Williams as a secondary distributor for MSN Lab's product line, complementing existing market offerings. These actions

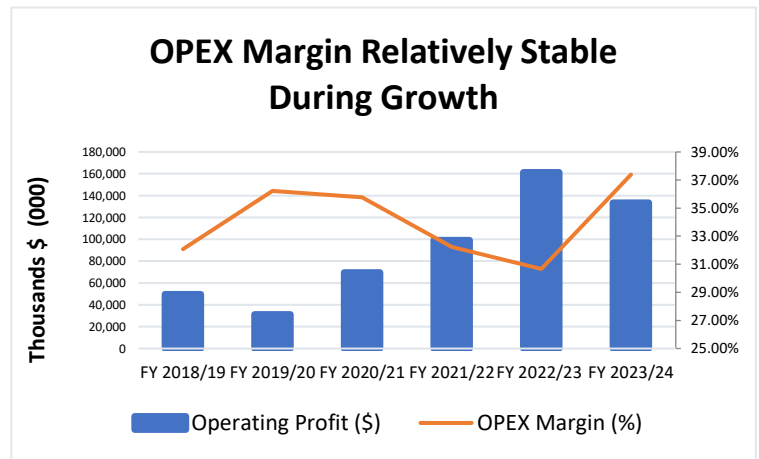
contributed to an increase in average sales per customer to \$1.8 million by FY2022/23.

Additionally, RA Williams expanded its product portfolio to one hundred and forty-eight items by FY2022/23, aimed at diversifying its supplier base for enhanced supply chain resilience and flexibility. By FY2022/23, the company focused on cultivating relationships with larger customers, defined as those with average annual sales exceeding \$2 million. This strategic shift is evident in the data, with customers exceeding \$1 million in annual sales growing to represent 42.1% of the customer base and contributing 92.7% of total sales, compared to 22.9% and 66.3%, respectively, in FY2018/19.

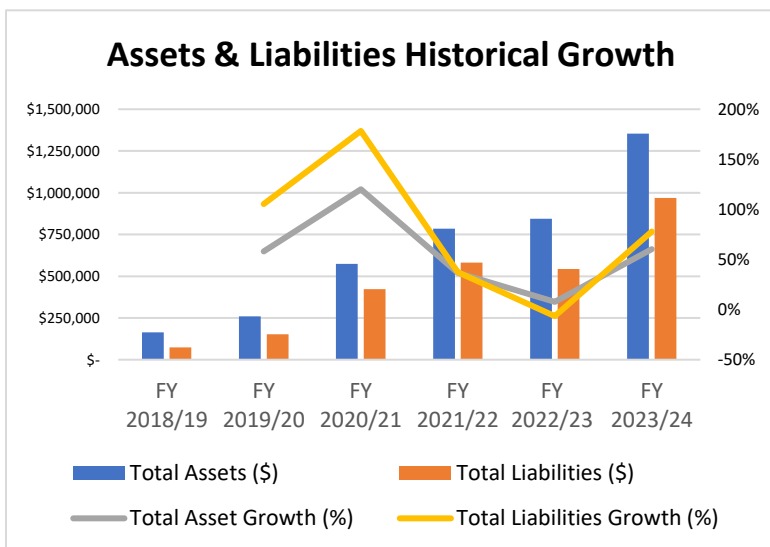
Furthermore, the supplier landscape evolved from four key suppliers accounting for over 80% of sales in FY2018/19 to five suppliers by FY2023, highlighting the company's strategy to diversify and strengthen supplier relationships.

Excluding the fiscal year 2021 outlier, RA Williams maintained a stable gross profit margin averaging 42.7% over the past five years. The gross profit margin significantly increased in FY2021 due to a favourable change in the sales mix towards higher-margin products, while FY2022 and FY2023 saw declines as the company diversified its product base with more fast-moving, low-margin items. Over this period, the cost of sales increased from \$288 million in 2020 to \$803 million in 2024, achieving a compound annual growth rate (CAGR) of 28%, while gross profit rose from \$212 million in 2020 to \$693 million in 2024, reflecting a CAGR of 26%. These figures demonstrate the company's strategic adjustments in product mix and supplier relationships, impacting both cost efficiency and profitability.

Operating expenses increased from \$135.3 million in FY2019 to \$431.7 million in FY2023, reflecting a compound annual growth rate (CAGR) of 26.8%. This rise was primarily driven by administration expenses and selling and distribution expenses. Staff costs, which are allocated between these categories, accounted for 41.1% to 58.8% of total operating expenses over the period, with a decrease to 43.1% in FY2023 from a peak of 58.8% in FY2020. The selling and marketing expense to sales ratio fell from a peak of 18.7% in FY2020 to 15.0% in FY2023. The increase in staff costs and operating expenses in FY2020 was mainly due to the pandemic-related business disruptions, including supply shortages and restricted operating hours, resulting in fixed costs such as salaries, security, and rent despite lower sales.



Since 2019, the company undertook strategic initiatives to reorganize the business for growth and build human capital, leading to higher short-term operating expenses. These initiatives included increased employee costs for strengthening human resources and additions to the executive management team, as well as restructuring the organization and improving compensation and benefits for the Sales and Marketing teams to align with industry standards and best practices.



Total assets experienced a CAGR of 50.5% from FY2019 (\$164.6 million) to FY2023 (\$844.6 million). The most significant growth in absolute dollar value was recorded in FY2021 and FY2022, with increases of \$312.7 million (120.1%) and \$210.8 million (36.8%) respectively, primarily driven by growth in trade receivables and inventories. Property, plant, and equipment reached a net book value of \$36.7 million in FY2023, largely due to motor vehicles acquired in 2020 and 2023. Right-of-use assets relate to leased commercial spaces for operations, with the main lease having an initial period of eight years. Inventory increased from \$57.4 million in FY2019 to \$418.8 million in FY2023, becoming the largest single asset due to extended holding periods to mitigate supply chain disruptions. Trade receivables grew from \$60.2 million in FY2019 to \$217.8 million in FY2023, with a majority of balances receivable

within 30 days.

Total equity rose from \$90.6 million in FY2019 to \$300.9 million in FY2023, driven by retained net profits, as the company did not pay dividends during this period. Non-current liabilities decreased from \$19.3 million in FY2019 to \$11.9 million in FY2023, a decline of 38.2%, while current liabilities increased from \$54.8 million to \$531.8 million due to higher trade payables and other current liabilities. Trade payables increased from \$35.9 million in FY2019 to \$118.1 million in FY2023, reflecting increased sales and improved credit terms from suppliers. Other current liabilities, primarily taxation payable, grew from \$6.9 million in FY2019 to \$21.3 million in FY2023. Debt, as a percentage of total assets, fluctuated, peaking at 44.4% in FY2021 due to additional borrowings, and ending at 44.4% in FY2023 as new loans were obtained to support working capital requirements.

## **Financial Year Ending April 30, 2024**

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In the 12 months ended April 2024, RA Williams Ltd, achieved a revenue of \$1.50 billion, displaying a marginal 6.32% increase compared to the same period of 2023. This shows that the company managed to maintain stability in its revenue streams throughout its 2023/24 financial year which stems from its sale of prescription drugs and was further supplemented through the sale of over the counter (OTC) drugs, and handwash & hand sanitizers.

Cost of Goods Sold for the 2023/24 financial year fell by 1.37% to \$803.746 million in comparison to the previous financial year where Cost of Goods Sold amounted to \$814.91 million. As such RA Williams' Gross Profit has increased by 16.89%, from \$592.953 million to \$693.148 million, due to the marginal increase in revenue and decrease in cost of sales. As such marginal increase was observed in regard to the Gross Profit Margin that saw a 9.95% increase from 42.12% to 46.31%. This increase in gross profit margin directly reflects RA Williams' ability to reduce its operating costs relative to the revenue it generates.

Operating profit for the year, saw an 17.18% reduction from \$161.205 million to \$133.514 million. This was driven by an increase of 27.69% and 31.36% for administrative and general expenses and selling and distribution expenses, respectively, adding up to \$559 million. The increase in operating expenses was due to increased finance and sales staff, along with expenses derived from increased distribution such as vehicle related expenses.

As a result of the significant increase in operating expenses, RA Williams' profit before tax has seen a 20.72% reduction, despite being slightly offset by increase in other income and reduction in finance costs.

RA's total assets as April 2024, amounted to \$1.35 billion, a significant 60% increase over its previous year end. This growth in total assets was primarily driven by a \$330 million dollar increase in its right-of-use assets and was further supported by a 35% increase in the value of inventory, amounting to \$566 million. The additional right-of-use asset line item came about due to their new office building in New Brunswick Village, Spanish Town.

Total liabilities increase by \$424 million or 78%, accumulating to \$968 million. This significant growth was driven by lease liabilities amount to \$316 million and was supported by a \$203 million or 139.98% increase in Trade and other payables. The increase in liabilities was slightly offset by short-term loans falling by \$84 million or 48.31% and current portion of long-term loans falling by \$23 million or 30.47%. The addition of the lease liabilities line item was due to the addition of the right-of-use asset line item, which came about from acquisition of RA's new office building.

## **OUTLOOK**

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RA Williams is a notable pharmaceutical distribution company in Jamaica, representing international manufacturers with a broad range of over the counter and prescription products. The company serves various therapeutic areas crucial to Jamaicans, including cardiovascular health, respiratory conditions, and dermatology.

RA Williams primarily engages in commercial distribution for pharmacies and medical practitioners, these long-term business contracts ensure stable revenue streams, supporting operational stability. Additionally, the company's close collaboration with healthcare providers and pharmacies allows it to maximize its market reach.



RA Williams' product range aligns with prevalent health conditions in Jamaica, including chronic diseases like diabetes and cardiovascular issues. The company is well positioned to take advantage of product demand that stems from the treatment of these conditions. Sales in 2023 reflected significant demand for medications addressing these conditions, alongside treatments for eye care and allergies. This demand is further bolstered by RA's emphasis on cost-effective generic drugs, enhancing affordability, which is crucial in Jamaica's healthcare market.

Affordability remains pivotal in Jamaica's healthcare sector, with the National Health Fund (NHF) subsidizing medications for common conditions. RA Williams strategically focuses on NHF-covered products, securing lucrative tenders such as a recent \$3.2 million contract. This strategy underscores the company's alignment with governmental healthcare initiatives.

Operating in a competitive landscape, RA Williams faces regulatory complexities and logistical challenges typical of pharmaceutical distribution. Economic fluctuations also impact healthcare spending, influencing market dynamics. However, the company's exclusive partnerships and expanded facilities position it well to capitalize on market growth opportunities driven by healthcare reforms and infrastructure enhancements.

Looking ahead, RA Williams is poised to benefit from ongoing market growth and strategic initiatives, leveraging its robust distribution network and product portfolio to sustain profitability in Jamaica's evolving pharmaceutical landscape.

## INVESTMENTS POSITIVES

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- **Strong Market Position:** RA Williams is a notable pharmaceutical distributor in Jamaica, representing international manufacturers with a diverse product range. This strong market position is bolstered by the company's focus on key therapeutic areas prevalent in Jamaica, such as cardiovascular health, respiratory conditions, and dermatology.
- **Consistent Revenue Growth:** Sales increased from J\$501 million in FY 2020 to J\$1.5 billion in FY 2024, achieving a compound annual growth rate (CAGR) of 24%.
- **Strategic Focus on Affordable Generics:** Emphasis on cost-effective drugs aligns with the National Health Fund, securing lucrative government contracts.
- **Expansion and Infrastructure Improvements:** Recent investments in new office buildings and expanded facilities enhance distribution capabilities.
- **Product Expansion:** Expanded portfolio from 97 to 148 items, enhancing resilience.

## INVESTMENTS NEGATIVES

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- **Regulatory Complexities:** Compliance with evolving local and international standards is challenging and costly.
- **Logistical Challenges:** The company faces logistical challenges typical of pharmaceutical distribution, such as supply chain disruptions, natural disasters, and geopolitical tensions.
- **Rising Operating Expenses:** Increased administrative and distribution costs have led to a reduction in operating profit.
- **Competition:** Intense competition from key players may pressure margins.
- **Economic Fluctuations:** Sudden changes in the economic environment, may have a significant impact on revenue as clients, have a lower disposable income.





## CONCLUSION

RA Williams, a prominent pharmaceutical distributor in Jamaica, offers an attractive investment opportunity. The company's strong position in the market, continuous revenue growth, and strategic emphasis on reasonably priced generic drugs are in line with national healthcare objectives, which guarantees a steady demand for its products. The dedication of RA Williams to expanding its infrastructure and making changes to it enhances its operating capabilities and market reach. Investors should be aware of potential obstacles, though, as they could affect efficiency and profitability. These obstacles include complicated regulations, unstable economies in the Caribbean, growing operational costs, weak supply chains, and a high debt-to-equity ratio. All things considered, RA Williams is a desirable investment due to its robust growth trajectory and strategic objectives; nevertheless, prospective investors must balance these advantages against the associated risks.

Our analysis of the company's current operations and potential future earnings has led us to establish a price target of \$1.28, which is a 28.0% premium over the current offer price of \$1.00. We encourage investors to take advantage of this offer because of RA Williams' substantial short- and medium-term development potential, even if we are still mindful of potential dangers like fierce competition and product distribution interruptions.

## SOURCES

RA Williams IPO Prospectus, RA Williams Investor Briefing, Jamaica Stock Exchange (JSE), The Gleaner Company, The Jamaica Observer, and the Financial Services Commission (FSC), Grand View Research, Mordor Intelligence.

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## DEFINITIONS

- **OVERWEIGHT** - Security is deemed to be undervalued and is expected to outperform compared to the average market return and/or return of comparable securities in the same sector or industry.
- **MARKETWEIGHT** – Security is expected to provide similar returns compared to the market in general or at the same pace as comparable companies; neither strongly positive nor negative.
- **UNDERWEIGHT** – Security is deemed to be overvalued and is expected to underperform compared to the average market return and/or return of comparable securities in the same sector or industry.
- **ZEROWEIGHT** – This security is substantially distressed or at risk of a shock which may significantly impair its value.