TCL

TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT$'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2019	2018	2018
Revenue	**426,521**	**429,043**	**1,721,123**
Earnings before interest, tax, depreciation, loss on disposal of property, plant and equipment and restructuring costs	**104,071**	**91,095**	**342,764**
Depreciation	(36,892)	(29,582)	(127,126)
Gain/(loss) on disposal of property, plant and equipment	28	77	(238)
Stockholding and restructuring costs (Note 5)	1,340	-	7,831
Manpower restructuring costs (Note 6)	(8,972)	(2,528)	(84,930)
Integration restructuring expenses (Note 7)	-	(3,020)	-
Impairment of trade receivables	(343)	1,120	2,415
Operating profit	**59,232**	**57,162**	**140,716**
Finance costs (net)	(12,757)	(12,344)	(84,557)
Profit before taxation	**46,475**	**44,818**	**56,159**
Taxation	(14,109)	(17,484)	(63,171)
Profit/(loss) for the period	**32,366**	**27,334**	**(7,012)**
Profit/(loss) attributable to:			
Owners of the Company	16,760	22,209	(37,662)
Non-controlling interests	15,606	5,125	30,650
	32,366	**27,334**	**(7,012)**
Basic and diluted (loss)/earnings per share - cents (Note 3)	**5.0**	**6.0**	**(10.1)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT$'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2019	2018	2018
Profit/(loss) for the period	**32,366**	**27,334**	**(7,012)**
Items that are or maybe reclassified to profit or loss:			
Exchange differences on translation of foreign operations	(4,939)	(6,888)	(5,622)
Change in fair value of cash flow hedge	-	688	(3,976)
	(4,939)	**(6,200)**	**(9,598)**
Items that will not be reclassified to profit or loss:			
Remeasurement gains on pension plans and other post-retirement benefits	-	-	(24,530)
Related tax	-	-	7,615
	-	**-**	**(16,915)**
Other comprehensive loss for the period net of tax	(4,939)	(6,200)	(26,513)
Total comprehensive income/(loss) for the period	**27,427**	**21,134**	**(33,525)**
Total comprehensive income/(loss) attributable to:			
Owners of the Company	11,310	17,096	(62,354)
Non-controlling interests	16,117	4,038	28,829
	27,427	**21,134**	**(33,525)**

DIRECTORS' STATEMENT

During 2019, the Group will continue to execute its long-term transformation strategy, fully aligned to international best practices and standards. Among the main areas is Health and Safety (H&S), with a strong H&S culture being engendered across all our operations through the Zero 4 Life initiative. These efforts have fostered safer environments and improved the general well-being of our workforce, contractors, customers and communities alike.

Our social investments in the territories in which we operate continue to build stronger communities. In Trinidad, TCL's flagship sponsorship of the Mayo Youth Academy is helping to shape a cadre of well-balanced, disciplined and energetic youngsters. In Jamaica, CCCL donated 530 metres of new concrete road in a rural farming community in the Litchfield Manchester area. This project provided training to 60 persons and employment to 75 persons.

We also remain passionate about our strategic priority of Customer Centricity by providing the best customer experience through a combination of services, products, processes, distribution channels and facilities.

The Group's Q1 results reflect the positive steps taken to achieve our long-term strategy, as per:

- Our cement plants showed an improvement in performance and reliability in the first quarter with average operational efficiency of our kilns increasing to over 90%. This improvement is directly attributable to the continuous maintenance, training and investment programme undertaken by the group.
- Revenue of $427 million was generated during the quarter, a negligible decrease of 1% in comparison with the corresponding period of the last year.
- Group earnings before interest, tax, depreciation, and loss on disposal of property, plant and equipment, and restructuring costs (adjusted EBITDA) was $104 million, 14% above last year, reflecting, among other things, the improved operational efficiencies of our three cement plants.
- Better productivity coupled with reduced restructuring costs and stabilisation of finance costs and foreign exchange differences resulted in the Group recording a profit of $32 million for the quarter.
- Cash flow continued to be tightly managed with the aim of further reducing loan balances and during this period, the Group was able to make net repayments of $28 million contributing to its overall debt reduction.

The Group adopted IFRS 16 Leases ("IFRS 16") on January 1, 2019. The adoption of IFRS 16 impacted the accounting policy for property, plant and equipment as disclosed in Note 8. The impact to the Q1 2019 results of the Group was a recognition of approximately $18 million in right-of-use assets, $18 million in lease liabilities and an increase in EBITDA by $4 million.

Outlook:
The first quarter performance has been in line with our plan. We remain on track to deliver our underlying revenue and profit targets for the full year, driven by our long-term transformation programme that will ensure even greater shareholder and stakeholder value in the medium term.

Wilfred Espinet
Group Chairman
April 17, 2019

Jose Luis Seijo Gonzalez
Managing Director
April 17, 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT$'000	UNAUDITED 31.03.19	UNAUDITED 31.03.18	AUDITED 31.12.18
ASSETS			
Non-current assets			
Property, plant and equipment	1,860,606	1,791,250	1,853,066
Investment	1	-	1
Employee benefits	13,194	31,305	14,233
Deferred tax assets	139,068	316,143	179,789
	2,012,869	2,138,698	2,047,089
Current assets			
Inventories	247,627	189,294	229,182
Trade and other receivables	148,943	142,748	173,002
Cash and cash equivalents	65,972	89,776	77,737
	462,542	421,818	479,921
Total assets	**2,475,411**	**2,560,516**	**2,527,010**
EQUITY AND LIABILITIES			
Equity			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Reserves	(254,151)	(253,113)	(248,355)
Retained earnings	126,747	191,917	109,987
Equity attributable to Owners of the Company	**680,309**	**746,517**	**669,345**
Non-controlling interests	18,479	(13,215)	2,483
Total equity	**698,788**	**733,302**	**671,828**
Non-current liabilities			
Borrowings	907,207	574,875	922,469
Employee benefits	12,682	12,662	12,359
Other post-retirement benefits	163,550	158,393	160,952
Trade and other payables	-	-	86
Deferred tax liabilities	168,604	306,211	201,122
	1,252,043	1,052,141	1,296,988
Current liabilities			
Trade and other payables	502,073	531,102	539,070
Borrowings	22,507	243,971	19,124
	524,580	775,073	558,194
Total equity and liabilities	**2,475,411**	**2,560,516**	**2,527,010**

CONSOLIDATED STATEMENT OF CASH FLOWS

TT$'000	UNAUDITED Three Months Jan to Mar		AUDITED Year Jan to Dec
	2019	2018	2018
Cash flows from operating activities			
Profit before taxation	**46,475**	**44,818**	**56,159**
Adjustments for:			
-Depreciation	36,892	29,582	127,126
- Stockholding and restructuring costs (Note 5)	(1,340)	-	(7,831)
- Finance cost (net)	12,757	12,344	84,557
- Pension and other post-retirement expenses	11,013	5,037	29,352
-(Gain)/loss on disposal of property, plant and equipment	(28)	(77)	238
	105,769	91,704	289,601
Changes in:			
-Inventories	(17,105)	16,080	(16,908)
-Trade and other receivables	20,223	13,988	(19,688)
-Trade and other payables	(61,041)	(16,345)	(32,936)
Cash generated from operating activities	47,846	105,427	220,069
Pension contributions paid	(1,824)	(1,909)	(20,752)
Post-retirement benefits paid	(1,393)	(769)	(8,170)
Taxation paid	(1,410)	(8,085)	(21,470)
Net interest paid	(10,725)	(3,249)	(42,373)
Net cash from operating activities	**32,494**	**91,415**	**127,304**
Cash flows from investing activities			
Additions to property, plant and equipment	(16,800)	(23,097)	(169,661)
Proceeds from disposal of property, plant and equipment	-	77	-
Net cash used in investing activities	**(16,800)**	**(23,020)**	**(169,661)**
Cash flows from financing activities			
Repayment of borrowings	(5,877)	(96,640)	(4,500)
Net increase in revolving facilities	(21,663)	-	12,446
Acquisition of non-controlling interests	-	-	(6,815)
Net cash (used in)/from financing activities	**(27,540)**	**(96,640)**	**1,131**
Net decrease in cash and cash equivalents	(11,846)	(28,245)	(41,226)
Effect of movement in exchange rate on cash held	81	(805)	137
Cash and cash equivalents - beginning of period	77,737	118,826	118,826
Cash and cash equivalents - end of period	**65,972**	**89,776**	**77,737**
Represented by:			
Cash and cash equivalents	**65,972**	**89,776**	**77,737**

TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2019

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TT$'000	PARENT			NON-CONTROLLING INTERESTS		
	UNAUDITED Jan to Mar		AUDITED Jan to Dec	UNAUDITED Jan to Mar		AUDITED Jan to Dec
	2019	2018	2018	2019	2018	2018
Balance at beginning of period	**669,345**	**736,353**	**736,353**	**2,483**	**(17,048)**	**(17,048)**
Adjustment on initial application of IFRS 9	-	(6,932)	(6,932)	-	(205)	(205)
Adjustment on initial application of IFRS 16 (Note 8)	(346)	-	-	(121)	-	-
	668,999	729,421	729,421	2,362	(17,253)	(17,253)
Profit/(loss) for the period	16,760	22,209	(37,662)	15,606	5,125	30,650
Other comprehensive (loss)/income	(5,450)	(5,113)	(24,692)	511	(1,087)	(1,821)
Total comprehensive income/(loss)	11,310	17,096	(62,354)	16,117	4,038	28,829
Acquisition of NCI without change of control	-	-	2,278	-	-	(9,093)
Balance at end of period	**680,309**	**746,517**	**669,345**	**18,479**	**(13,215)**	**2,483**

SEGMENT INFORMATION

TT $'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED THREE MONTHS JAN TO MAR 2019					
Revenue					
Total	466,613	15,511	17,883	-	500,007
Intersegment	(56,369)	(529)	(16,588)	-	(73,486)
Third party	410,244	14,982	1,295	-	426,521
Profit before taxation	50,762	(4,576)	656	(367)	46,475
Depreciation	35,718	2,184	601	(1,611)	36,892
Segment assets	2,773,647	95,266	83,187	(476,689)	2,475,411
Segment liabilities	2,512,747	68,569	38,904	(843,597)	1,776,623
Capital expenditure	16,679	117	4	-	16,800
UNAUDITED THREE MONTHS JAN TO MAR 2018					
Revenue					
Total	458,595	19,790	18,099	-	496,484
Intersegment	(50,859)	(145)	(16,437)	-	(67,441)
Third Party	407,736	19,645	1,662	-	429,043
Profit before taxation	46,007	(3,552)	(375)	2,738	44,818
Depreciation	28,252	1,313	585	(568)	29,582
Segment assets	2,877,073	130,323	91,854	(538,734)	2,560,516
Segment liabilities	2,656,839	67,526	42,899	(940,050)	1,827,214
Capital expenditure	21,602	616	879	-	23,097
AUDITED YEAR JAN TO DEC 2018					
Revenue					
Total	1,867,067	83,330	72,517	-	2,022,914
Intersegment	(237,962)	-	(63,829)	-	(301,791)
Third Party	1,629,105	83,330	8,688	-	1,721,123
Profit before taxation	(91,034)	(13,477)	(1,890)	162,560	56,159
Depreciation	126,139	5,455	2,564	(7,032)	127,126
Segment assets	3,172,640	113,574	79,338	(838,542)	2,527,010
Segment liabilities	2,998,459	56,633	30,892	(1,230,802)	1,855,182
Capital expenditure	159,865	8,260	1,536	-	169,661

NOTES:

1. **Basis of Preparation**

   These condensed consolidated financial statements are prepared in accordance with established criteria developed by management and discloses the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, summary consolidated statement of changes in equity and consolidated statement of cash flows.

2. **Accounting Policies**

   These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Notes 2 to 8 of the December 31st, 2018 audited financial statements consistently applied from period to period. The Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods beginning on or after January 01st, 2019 and which are relevant to the Group's operations.

3. **Earnings Per Share**

   Earnings per share (EPS) is calculated by dividing the profit attributable to Owners of the Company by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares in issue for the period has been determined by deducting from the total number of issued shares of 374.648M, the weighted average of 2.845M shares that were held as unallocated shares by our ESOP.

4. **Segment Information**

   Management's principal reporting and decision making are by product and accordingly, the segment information is so presented.

5. **Stockholding and Restructuring Costs**

   Stockholding and restructuring costs comprise reclassification of costs and credits in respect of overstocked items. This expense has been accounted for as a change in an accounting estimate consistent with IAS 8: "Accounting Policies, Changes in Accounting Estimates and Errors" resulting from new developments.

6. **Manpower Restructuring Costs**

   Manpower restructuring costs mainly comprise severance costs incurred during implementation of restructuring programmes. The objective of the restructuring programmes is to improve cost efficiency.

7. **Integration Restructuring Expenses**

   Integration restucturing costs comprise the expenses incurred to align the operations and integrate the processes with the ultimate parent company.

8. **Initial Application of IFRS 16 Leases**

   The TCL Group has applied IFRS 16 Leases and has not restated prior periods as allowed by the Standard. The Group has recognised the present value of the remaining lease payments as the lease liabilities ($18.4 million) and right-of-use assets ($17.9 million) for material leases previously classified as operating leases. On initial application, the Group applied the incremental borrowing rate of 7.99% on the lease liability.