



SUMMARY CONSOLIDATED AUDITED FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2020



TRINIDAD CEMENT LIMITED

SUMMARY CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		AUDITED	
	Three Months		Year	
	Oct to Dec	2019	Jan to Dec	2019
Revenue	433,341	389,554	1,692,150	1,670,883
Cost of sales	(297,110)	(319,135)	(1,160,909)	(1,204,872)
Gross profit	136,231	70,419	531,241	466,011
Operating expenses	(65,943)	(41,010)	(241,895)	(243,397)
Impairment of trade accounts receivable	315	1,085	926	847
Operating earnings before other expenses, net	70,603	30,494	290,272	223,461
Other expenses, net	(60,670)	(24,637)	(74,354)	(73,702)
Operating earnings	9,933	5,857	215,918	149,759
Financial expense	(27,410)	(4,054)	(122,086)	(97,204)
Financial income and other items, net	18	606	62	666
(Loss) earnings before taxation	(17,459)	2,409	93,894	53,221
Taxation (charge) credit	(16,230)	2,442	(78,675)	(38,295)
Net (loss) earnings from continuing operations	(33,689)	4,851	15,219	14,926
Net earnings from discontinued operations	-	423	-	423
NET (LOSS) INCOME	(33,689)	5,274	15,219	15,349
Non-controlling interest	(10,521)	(4,048)	(39,398)	(25,730)
CONTROLLING INTEREST	(44,210)	1,226	(24,179)	(10,381)
Basic and diluted (loss) earnings per share - cents (Note 3):	(11.9)	0.3	(6.5)	(2.8)

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		AUDITED	
	Three Months		Year	
	Oct to Dec	2019	Jan to Dec	2019
NET (LOSS) INCOME	(33,689)	5,274	15,219	15,349
Items that will not be reclassified subsequently to the income statement				
Net actuarial (losses) gains from remeasurements of employee benefit obligations	(57,518)	53,783	(57,518)	53,783
Taxation recognised directly in other comprehensive income	(40,528)	37,324	(40,528)	37,324
Items that are or may be reclassified subsequently to the income statement				
Effects from derivative financial instruments designated as cash flow hedges	(560)	(697)	1,008	(697)
Currency translation results of foreign subsidiaries	6,702	11,060	(24,457)	(16,774)
	6,142	10,363	(23,449)	(17,471)
Total items of other comprehensive income, net	(34,386)	47,687	(63,977)	19,853
TOTAL COMPREHENSIVE (LOSS) INCOME	(68,075)	52,961	(48,758)	35,202
Non-controlling interest	(9,547)	(40,282)	(30,367)	(52,574)
CONTROLLING INTEREST	(77,622)	12,679	(79,125)	(17,372)
Out of which:				
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	-	423	-	423
COMPREHENSIVE (LOSS) INCOME FROM CONTINUING OPERATIONS	(77,622)	12,256	(79,125)	(17,795)

DIRECTORS' STATEMENT

During 2020, the world experienced one of its most challenging years since the end of the second World War in 1945. The COVID-19 pandemic has affected and continues to influence every person in every strata of society in every country on the planet.

For the TCL Group, however it was a remarkable year that tested our strength and ability to adjust effectively to highly volatile and uncertain times. We are proud of our response to the sudden arrival of COVID-19 in 2020, and take this opportunity to recognize our employees who have risen to the challenge presented by the pandemic and adjusted their operating protocols to continue to work safely.

During the period under review we focused our community outreach on health and sanitation, providing PPEs, thermometers and sanitisers, as well as enhancing virtual education through the donation of laptops, internet connectivity devices and school supplies.

The safety of our employees and associated stakeholders remains our top priority. 2020 was definitely a year with significant learnings that strengthened our safety management systems and our commitment towards safety. We continue to raise awareness of safe industry best practices through training of our labour force, monitoring and evaluation of results aligned with the ZeroLife initiative.

We are fortunate to report that through our visible commitment and effort of our employees to deliver the best customer experience, we achieved the best customer satisfaction indicator scores in 4th quarter 2020 since 2017 and we exceeded our customer centricity goals for 2020.

In terms of financial performance, consolidated revenue in the fourth quarter of 2020 reached \$433 million, representing an increase of 11% compared with the fourth quarter of 2019. The increase was mainly due to higher volumes in Trinidad, and Jamaica. The TCL Group recorded revenue of \$1.692 billion for year 2020, a 1% increase versus 2019. The TCL Group's adjusted EBITDA of \$111.3 million in the fourth quarter of 2020 reflected an increase of 76% compared with Q4 2019. This growth reflects

the contribution of the new higher-margin business segments in Trinidad and the positive impact of operational efficiencies through the improvement to our main equipment and operational processes. Adjusted EBITDA increased 20% year-over-year to \$440 million.

In the fourth quarter of 2020, financial expenses of \$27 million increased compared with Q4 2019, primarily due to the exchange rate movement of the Jamaican Dollar. The TCL Group reported a net loss of \$34 million in the fourth quarter of 2020. For the full year, TCL Group recorded net income of \$15 million, roughly similar to 2019.

Also, during the last quarter of 2020, the TCL Group generated \$71 million in cash from operations, a 47% increase from the prior year. The improved cash flow resulted from the increase in operating income, efficient working capital management and stringent management of all other discretionary cash flow items. Capital expenditure during the quarter was restricted to essential maintenance and projects, with all other projects deferred for the time being. The TCL Group invested \$69 million in the quarter in critical capital expenditure. Year to date, the TCL Group generated \$364 million in cash from operations and repaid \$248 million of debt. As a result of these efforts, net debt to adjusted EBITDA stood at 1.4 at the end of Q4 2020.

Outlook

The outlook to our business, will continue to be influenced by the ongoing COVID-19 pandemic on the economies in which we operate as the pace of recovery is still uncertain. While we believe we have seen the worst in terms of government-mandated lockdown measures, the outlook for the business will depend on the trajectory of the outbreak as well as the depth of the economic slowdown and the resilience of these markets. Additionally, the arrival of COVID-19 added to the challenges to our business that existed prior to the impact of the pandemic in the region. These include weak economic growth in many of the regional economies over the last few years and imports of cement into the region. Management and the Board have developed plans to address possible scenarios and continue to respond to the pandemic as we gain more visibility on near-term outlook.

David G Inglefield
Chairman
March 30, 2021

Francisco Aguilera Mendoza
Managing Director
March 30, 2021

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TT \$'000	CONTROLLING INTERESTS		NON-CONTROLLING INTEREST	
	AUDITED		AUDITED	
	Jan to Dec		Jan to Dec	
	2020	2019	2020	2019
Balance at beginning of period	647,072	669,345	59,958	2,483
Net (loss) income	(24,179)	(10,381)	39,398	25,730
Total other items of comprehensive income, net	(54,946)	(6,991)	(9,031)	26,844
Change in non-controlling interest	-	(4,901)	-	4,901
Balance at end of period	567,947	647,072	90,325	59,958

SEGMENT INFORMATION

TT \$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
AUDITED YEAR JAN TO DEC 2020					
Revenue					
Total	1,841,584	69,411	86,574	-	1,997,569
Intersegment	(220,540)	(3,373)	(81,506)	-	(305,419)
Third party	1,621,044	66,038	5,068	-	1,692,150
Earnings before taxation	86,995	9,897	(2,998)	-	93,894
Depreciation	138,463	7,257	4,267	-	149,987
Segment assets	3,087,142	126,047	95,367	(984,316)	2,324,240
Segment liabilities	2,362,648	53,113	32,636	(782,429)	1,665,968
Capital expenditure	109,561	4,273	261	-	114,095
AUDITED YEAR JAN TO DEC 2019					
Revenue					
Total	1,842,551	72,807	73,483	-	1,988,841
Intersegment	(247,020)	(3,089)	(67,849)	-	(317,958)
Third Party	1,595,531	69,718	5,634	-	1,670,883
Earnings (loss) before taxation	67,079	(17,220)	880	2,482	53,221
Depreciation	136,177	7,958	2,326	(3,266)	143,195
Segment assets	3,104,293	111,722	97,603	(699,288)	2,614,330
Segment liabilities	2,403,080	53,026	29,502	(578,308)	1,907,300
Capital expenditure	134,979	3,468	1,295	-	139,742

NOTES:

1. Basis of Preparation

These summary consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the summary consolidated statement of financial position, summary consolidated income statement, summary consolidated statements of comprehensive income, summary consolidated statement of changes in shareholders' equity and summary consolidated statement of cash flows. These summary consolidated financial statements are derived from the audited consolidated financial statements of Trinidad Cement Limited and its subsidiaries (the Group) as of and for the year ended December 31, 2020. The full version of the Group's consolidated financial statements is located at the company's registered office.

2. Accounting Policies

These summary consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 of the December 31, 2020 audited consolidated 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 on or after January 1, 2020 and which are relevant to the Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to the controlling interest 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 374.648 million, the weighted average of 2.845 million shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	AUDITED	
	31.12.20	31.12.19
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	88,305	87,453
Trade accounts receivable, net	56,832	87,940
Other accounts receivable	44,440	47,284
Taxation recoverable	4,451	5,871
Inventories, net	240,452	253,103
Total current assets	434,480	481,651
NON-CURRENT ASSETS		
Investments	1	1
Property, machinery and equipment, net	1,703,078	1,826,491
Deferred taxation assets	132,183	251,394
Employee benefits	54,424	54,793
Other accounts receivable	74	-
Total non-current assets	1,889,760	2,132,679
TOTAL ASSETS	2,324,240	2,614,330
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term debt	400,887	18,000
Other financial obligations	7,151	6,421
Trade payables	240,192	247,507
Taxation payable	29,093	4,526
Other current liabilities	308,316	256,386
Total current liabilities	985,639	532,840
NON-CURRENT LIABILITIES		
Long-term debt	211,756	865,182
Other financial obligations	21,431	20,524
Employee benefits	242,863	176,503
Deferred taxation liabilities	201,890	309,477
Other non-current liabilities	2,389	2,774
Total non-current liabilities	680,329	1,374,460
TOTAL LIABILITIES	1,665,968	1,907,300
SHAREHOLDERS' EQUITY		
Controlling interest:		
Stated capital	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)
Other equity reserves	(305,320)	(291,938)
Retained earnings	89,733	141,678
Net loss	(24,179)	(10,381)
Total controlling interest	567,947	647,072
Non-controlling interest	90,325	59,958
TOTAL SHAREHOLDERS' EQUITY	658,272	707,030
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,324,240	2,614,330

These financial statements were approved by the Board of Directors on March 30, 2021 and signed on their behalf by:

 Chairman  Director

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		AUDITED	
	Three Months		Year	
	Oct to Dec	2019	Jan to Dec	2019
OPERATING ACTIVITIES				
Net (loss) income	(33,689)	5,274	15,219	15,349
Discontinued operations	-	(423)	-	(423)
Net (loss) income from continuing operations	(33,689)	4,851	15,219	14,926
Non-cash items:				
Depreciation and amortisation of assets	40,689	32,656	149,987	143,195
Financial expense, net	27,392	3,448	122,024	96,538
Pension plan and other post-retirement benefit	9,158	7,695	20,905	26,298
Other items, net	4,632	6,024	(384)	2,314
Taxation charge (credit)	16,230	(2,442)	78,675	38,295
Changes in working capital, excluding taxation	19,893	31,907	52,535	(25,292)
Cash generated from operating activities from continuing operations before financial expense, taxation and post employment benefits paid	84,305	84,139	438,961	296,274
Financial expense paid	(5,324)	(20,469)	(40,607)	(66,422)
Taxation paid	(3,788)	(10,869)	(19,502)	(16,707)
Pension plan contributions and other post-retirement benefit paid	(4,402)	(4,397)	(15,668)	(15,814)
Net cash flows from operating activities from continuing operations	70,791	48,404	363,184	197,331
INVESTING ACTIVITIES				
Purchase of property, machinery and equipment, net	(68,717)	(68,561)	(114,095)	(139,742)
Proceeds from disposal of assets	496	-	496	-
Net cash flows used in investing activities	(68,221)	(68,561)	(113,599)	(139,742)
FINANCING ACTIVITIES				
Repayment of debt, net	(8,957)	22,261	(248,398)	(51,379)
Other financial obligations, net	3,688	4,289	1,637	4,289
Net cash flows (used in) from financing activities	(5,269)	26,550	(246,761)	(47,090)
(Decrease) increase in cash and cash equivalents from continuing operations	(2,699)	6,393	2,824	10,499
Cash conversion effect, net	(96)	685	(1,972)	(783)
Cash and cash equivalents at beginning of period	91,100	80,375	87,453	77,737
CASH AND CASH EQUIVALENTS AT END OF PERIOD	88,305	87,453	88,305	87,453
Changes in working capital, excluding taxation:				
Trade accounts receivable, net	8,137	5,450	29,158	10,660
Other accounts receivable	(2,850)	5,260	(4,342)	12,455
Inventories, net	(13,547)	9,628	4,686	(23,921)
Trade payables	(6,167)	921	1,520	21,835
Other current and non-current liabilities	34,320	10,648	21,513	(46,321)
Changes in working capital, excluding taxation	19,893	31,907	52,535	(25,292)

4. Cost of Sales, Operating and Other Expenses, Net

Cost of sales represents the production cost of inventories at the moment of sale. Cost of sales includes depreciation, amortisation and depletion of assets involved in production, expenses related to storage in production plants and freight expenses of raw material in plants and delivery expenses of the Group's ready-mix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the Group's management. Selling expenses represent the expenses associated with sales activities. Distribution and logistics expenses refer to expenses of storage at points of sale, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sale and the customers' facilities.

Other expenses, net consist primarily of income and expenses not directly related to the Group's main activities, or which are of an unusual and/or non-recurring nature, including results on disposal of assets and restructuring costs, among others.

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Trinidad Cement Limited