



TRINIDAD CEMENT LIMITED

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2022



## CONDENSED CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		AUDITED
	Three Months		Year
	Jan to Mar		Jan to Dec
	2022	2021	2021
Revenue	529,386	492,571	1,896,518
Cost of sales	(343,422)	(337,266)	(1,326,431)
<b>Gross profit</b>	<b>185,964</b>	<b>155,305</b>	<b>570,087</b>
Operating expenses	(75,145)	(59,160)	(257,518)
Write-back (impairment) of trade accounts receivable	66	(431)	(819)
<b>Operating earnings before other (expenses) income, net</b>	<b>110,885</b>	<b>95,714</b>	<b>311,750</b>
Other (expenses) income, net	(13,348)	(2,399)	21,849
<b>Operating earnings</b>	<b>97,537</b>	<b>93,315</b>	<b>333,599</b>
Financial expense	(11,370)	(28,531)	(89,950)
Financial income	16	7	30
<b>Earnings before taxation</b>	<b>86,183</b>	<b>64,791</b>	<b>243,679</b>
Taxation charge	(28,166)	(18,629)	(53,260)
<b>NET INCOME</b>	<b>58,017</b>	<b>46,162</b>	<b>190,419</b>
Non-controlling interest	(18,974)	(15,073)	(49,646)
<b>CONTROLLING INTEREST</b>	<b>39,043</b>	<b>31,089</b>	<b>140,773</b>
<b>Basic and diluted earnings per share - cents (Note 3):</b>	<b>10.5</b>	<b>8.4</b>	<b>37.9</b>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		AUDITED
	Three Months		Year
	Jan to Mar		Jan to Dec
	2022	2021	2021
<b>NET INCOME</b>	<b>58,017</b>	<b>46,162</b>	<b>190,419</b>
<b>Items that will not be reclassified subsequently to the income statement</b>			
Net actuarial gains from remeasurements of employee benefit plans	-	-	105,642
Taxation recognised directly in other comprehensive income	-	-	(29,043)
	-	-	76,599
<b>Items that are or may be reclassified subsequently to the income statement</b>			
Effects from derivative financial instruments designated as cash flow hedges	2,326	(470)	1,203
Currency translation results of foreign subsidiaries	(1,350)	(12,686)	(34,302)
	976	(13,156)	(33,099)
Total items of other comprehensive income, net	976	(13,156)	43,500
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>58,993</b>	<b>33,006</b>	<b>233,919</b>
Non-controlling interest	(20,523)	(10,552)	(35,396)
<b>CONTROLLING INTEREST</b>	<b>38,470</b>	<b>22,454</b>	<b>198,523</b>

## DIRECTORS' STATEMENT

### Health and Safety

The TCL Group is pleased to report another incident-free quarter. The health and safety of our people is our top priority. We continue to instill our strong safety culture through our robust safety management system, which promotes ongoing training and monitoring.

We are also encouraged by the lower rate of COVID-19 infections among our employees when compared to the general population in our operating territories. This can be accredited to strict adherence to our 52+ safety protocols, responsible behaviours, and vaccination campaigns that have so far resulted in over 75% of our group-wide workforce being fully vaccinated.

### Sustainability

The Group continues its commitment to global climate action. During the first quarter of 2022, our business units in Trinidad and Tobago, Jamaica, and Barbados reduced CO<sub>2</sub> emission rates by more than 7% when compared with the same quarter in 2021. Additionally, Jamaica and Trinidad and Tobago have successfully launched the co-branded Vertua-certified cement that offers at least 15% reduction in carbon emissions during the manufacturing process, while Barbados continues to reduce its heat consumption due to an improvement in its production processes.

Our achievements in the development of low-carbon cement products and solutions align with the mandate of CEMEX's "Future in Action" global sustainability strategy, which follows the United Nations' Sustainable Development Goals on climate action.

### Financial Performance

The TCL Group earned revenue of \$529 million in its first quarter, representing 7% growth when compared to the corresponding quarter in 2021. The increase in revenue was driven by continued strong domestic demand and our capacity to supply the market. Furthermore, our revenue from sales has improved with the implementation of

price increases across our markets, aimed at offsetting the significant inflation in most of our inputs.

The operating earnings before other income and expenses for the period was \$111 million and operating earnings after other expenses was \$98 million, representing increases of 15% and 4%, respectively, when compared to the first quarter of the previous year. This increase in operating earnings after other expenses was attributable to higher revenue partially offset by higher operational costs and other expenses incurred during the period.

For Q1, TCL Group's earnings before taxation of \$86 million represents an increase of \$21 million over the corresponding quarter. This increase resulted from the deleveraging initiative undertaken by the Group, which allowed the full repayment of all financial debts in Jamaica. This initiative contributed positively to the reduction of the interest expense and foreign exchange exposure. In the first quarter of 2022, the TCL Group reported a net income of \$58 million, compared to a net income of \$46 million in the same quarter in 2021.

During the first quarter of 2022, the Group generated \$37 million in cash from continuing operations, a 70% reduction from the prior year period. This is a direct result of the negative impact in change of working capital, driven primarily by a reduction of our trade payables, as a result of the cancellation of the factoring program of some services, mainly in Jamaica.

### Outlook

We are reassured that the improved financial performance of the Group will continue based on the expected strong demand for cement, driven by the reopening economies in our region. We will remain vigilant with regard to impacts on business continuity due to the ongoing conflict between Ukraine and Russia, which has caused increased costs in fuel, power, and shipping, as well as threats from new strains of the COVID-19 infection.

The Board and Management continue to closely monitor the situation to ensure that our strategies are solid and able to withstand the current challenges and circumstances.



David G. Inglefield  
Chairman  
April 28, 2022



Francisco Aguilera Mendoza  
Managing Director  
April 28, 2022

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED		AUDITED
	31.03.22		31.12.21
	31.03.21		31.12.21
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	98,792	116,390	75,655
Trade accounts receivable, net	72,017	63,216	61,568
Other accounts receivable	52,852	41,571	34,660
Taxation recoverable	2,086	7,214	3,218
Inventories, net	318,544	257,529	324,522
<b>Total current assets</b>	<b>544,291</b>	<b>485,920</b>	<b>499,623</b>
<b>NON-CURRENT ASSETS</b>			
Investments	1	1	1
Property, machinery and equipment, net	1,629,551	1,643,535	1,646,605
Deferred taxation assets	129,042	135,731	114,564
Employee benefits	133,933	53,338	133,374
Other accounts receivable	-	74	-
<b>Total non-current assets</b>	<b>1,892,527</b>	<b>1,832,679</b>	<b>1,894,544</b>
<b>TOTAL ASSETS</b>	<b>2,436,818</b>	<b>2,318,599</b>	<b>2,394,167</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Short-term debt	-	442,426	-
Other financial obligations	6,854	7,112	7,091
Trade payables	306,124	300,683	356,507
Taxation payable	12,089	4,643	16,321
Other current liabilities	257,670	285,013	266,987
<b>Total current liabilities</b>	<b>582,737</b>	<b>1,039,877</b>	<b>646,906</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt	466,823	116,574	438,760
Other financial obligations	17,601	20,836	19,325
Employee benefits	197,645	244,278	195,146
Deferred taxation liabilities	219,325	203,382	199,121
Other non-current liabilities	1,503	2,374	2,718
<b>Total non-current liabilities</b>	<b>902,897</b>	<b>587,444</b>	<b>855,070</b>
<b>TOTAL LIABILITIES</b>	<b>1,485,634</b>	<b>1,627,321</b>	<b>1,501,976</b>
<b>SHAREHOLDERS' EQUITY</b>			
Controlling interest:			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Other equity reserves	(325,800)	(313,955)	(325,227)
Retained earnings	283,984	65,554	143,211
Net income	39,043	31,089	140,773
<b>Total controlling interest</b>	<b>804,940</b>	<b>590,401</b>	<b>766,470</b>
Non-controlling interest	146,244	100,877	125,721
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>951,184</b>	<b>691,278</b>	<b>892,191</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>2,436,818</b>	<b>2,318,599</b>	<b>2,394,167</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		AUDITED
	Three Months		Year
	Jan to Mar		Jan to Dec
	2022	2021	2021
<b>OPERATING ACTIVITIES</b>			
<b>Net income</b>	<b>58,017</b>	<b>46,162</b>	<b>190,419</b>
Non-cash items:			
Depreciation and amortisation of property, machinery and equipment	30,690	32,169	127,043
Financial expense, net	11,354	28,524	89,920
Pension plan and other post-retirement benefit	(4,144)	6,161	(13,395)
Other items, net	-	(89)	(1,792)
Reversal of impairment losses on property, machinery and equipment	-	-	(21,799)
Taxation charge	28,166	18,629	53,260
Changes in working capital, excluding taxation	(87,355)	(7,198)	(12,443)
<b>Cash generated from operating activities before financial expense, taxation and post-employment benefits paid</b>	<b>36,728</b>	<b>124,358</b>	<b>411,213</b>
Financial expense paid	(2,377)	(3,685)	(25,317)
Taxation paid	(27,023)	(49,192)	(70,740)
Pension plan contributions and other post-retirement benefit paid	(3,562)	(3,869)	(14,764)
<b>Net cash flows from operating activities</b>	<b>3,766</b>	<b>67,612</b>	<b>300,392</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, machinery and equipment, net	(10,544)	(15,312)	(147,900)
Proceeds from disposal of assets	-	-	1,790
<b>Net cash flows used in investing activities</b>	<b>(10,544)</b>	<b>(15,312)</b>	<b>(146,110)</b>
<b>FINANCING ACTIVITIES</b>			
Increase (repayment) of debt, net	32,427	(22,663)	(163,058)
Other financial obligations, net	(1,688)	(634)	(1,927)
<b>Net cash flows used in financing activities</b>	<b>30,739</b>	<b>(23,297)</b>	<b>(164,985)</b>
Increase (decrease) in cash and cash equivalents	23,961	29,003	(10,703)
Cash conversion effect, net	(824)	(918)	(1,947)
Cash and cash equivalents at beginning of period	75,655	88,305	88,305
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>98,792</b>	<b>116,390</b>	<b>75,655</b>
<b>Changes in working capital, excluding taxation:</b>			
Trade accounts receivable, net	(10,490)	(6,100)	(5,065)
Other accounts receivable	(1,346)	(13,711)	7,241
Inventories, net	6,242	(12,030)	(88,452)
Trade payables	(50,493)	53,572	121,915
Other current and non-current liabilities	(31,268)	(28,929)	(48,082)
<b>Changes in working capital, excluding taxation</b>	<b>(87,355)</b>	<b>(7,198)</b>	<b>(12,443)</b>