

A woman with dark hair pulled back, wearing a white sleeveless jumpsuit with wide legs, stands on a stone patio. She is holding a glass of amber liquid in her right hand. The background features a swimming pool, a stone wall, and a body of water under a blue sky with light clouds.

ANGOSTURA
HOLDINGS
LIMITED
ANNUAL REPORT 2017

Leading the Rumway

— 2017 Award Wins —

Cheers to another year where
Elegance meets Glass.



Sip

PLATINUM: Angostura® 1787 | Angostura® 7 Year Old | Amaro di Angostura®
GOLD: Angostura® 1919 | Angostura® 1824
SILVER: Angostura® 5 Year Old
BRONZE: Angostura® Reserva



World Spirits Award

GOLD: Angostura® 1824 | Angostura® 1919 | Angostura® 7 Year Old | Angostura® 5 Year Old
Angostura® Reserva | Amaro di Angostura®
SILVER: Angostura® 1787



The Spirits Business Rum Masters

GOLD: Angostura® 1787 | Angostura® 1824 | Angostura® 1919
SILVER: Angostura® 7 Year Old | Angostura® Reserva



San Francisco World Spirits Competition

SILVER: Angostura® 1824 | Angostura® 7 Year Old | Angostura® 5 Year Old

ISC

BRONZE: Angostura® 1787 | Angostura® 1824 | Angostura® 5 Year Old

Table of Contents



2	Who We Are
3	Our Mission, Our Vision, Our Values
4	Notice of Annual Meeting
5	Corporate Information
6	Message from the Chairman
8	Message from the CEO
11	Directors' Report
16	Board of Directors
17	Executive Management Team
18	Management Teams – Create Demand, Meet Demand
19	The Rooms Within the House of Angostura
27	Marketing Highlights
30	Employee Engagement Review
31	Community Impact Review
32	Geographic Footprint
33	Commercial Partnerships Review
35	Statement of Management Responsibilities
36	Independent Auditors' Report
42	Financial Statements
47	Notes to Financial Statements
114	Management Proxy Circular
115	Proxy Form



Who we are



Angostura is one of the Caribbean's leading beverage companies, the world's market leader for bitters, and home to a superb collection of rum brands. Our iconic drinks include Angostura® 1824, Angostura® 1787, Angostura® 1919, Angostura® 7 Year Old Rum, Angostura® 5 Year Old Rum, Angostura® Reserva, Angostura® Single Barrel, White Oak, Forres Park Puncheon, Black Label, and Royal Oak, as well as the Amaro di Angostura®, Angostura® orange bitters, Angostura® aromatic bitters, and our signature beverage, Angostura® Lemon, Lime and Bitters.

Along with being a Royal Warrant holder to the Queen of England for our Angostura® aromatic bitters, we have

successfully marketed our iconic bitters globally and have a geographic reach into 170 markets. The recipe for Angostura® aromatic bitters has not been changed since the first bottle was introduced to the world in 1824.

Many of our brands have been bringing joy for generations in Trinidad and Tobago, our core rum market. Meanwhile, our premium rums have been causing a stir at countless international competitions over the past decade. In the last year alone, our rum range has been rewarded with over 25 prestigious accolades internationally. In addition, both of Angostura's signature bitters were named the Number One Selling Bitters and Number One Trending Bitters of 2017.



Our Mission

To craft unique beverage brands, enrich lives and create moments that bring joy and laughter. The value we create uplifts the lives of our people and brings the spirit of Trinidad and Tobago to the world.

Our Vision

To be the world's best-performing bitters brand, and the most trusted and admired beverage company in the region.

Our Values

Leadership:

The courage to shape a better future

Action:

Committed to doing what needs to be done

Collaboration:

Leverage relationships to build success

Trust:

Be honest and credible

Innovation:

Create new, inclusive brands

Notice of Annual Meeting



NOTICE IS HEREBY GIVEN, that the Thirty-Sixth Annual Meeting of Angostura Holdings Limited (the “Company”) will be held at the House of Angostura, Eastern Main Road, Laventille, Trinidad and Tobago, on Thursday 21st June 2018, at 10:00 am to consider and if thought fit, pass resolutions for the following purposes:

1. To receive, consider and approve the Report of the Directors, the Audited Financial Statements of the Company for the financial year ended December 31, 2017, together with the report of the Auditors thereon.
2. To declare a Final Dividend for the financial year ended December 31, 2017.
3. To elect Directors.
4. To appoint Messrs. KPMG as auditors of the Company for the financial year ending December 31, 2018 and authorise the Directors to fix their remuneration therefore.
5. To transact any other business as may be properly brought before the meeting.

BY ORDER OF THE BOARD

Jennifer H. Frederick
Secretary
April 19, 2018

1. A shareholder entitled to attend and vote at the Annual Meeting may appoint a proxy holder or one or more alternate proxy holders to attend and act at the meeting in the manner and to the extent authorised by the proxy and with the authority conferred by the proxy. Where the shareholder is a body corporate, the company shall recognise any individual authorised by resolution of the directors of the body corporate to represent it at the Annual Meeting.
2. A proxy holder need not be a shareholder.
3. Any instrument appointing a proxy holder must be received by the Secretary of the Company at the Registered Office of the Company at least forty-eight (48 hours) before the time appointed for the Annual Meeting. Shareholders who return completed proxy forms are not precluded, if subsequently they so wish, from attending the Meeting instead of their proxies and voting in person.
4. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Ch.81:01 the statutory date applies. Only shareholders on record at the close of business on the date immediately preceding the date on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting.

Corporate Information



Board of Directors

Dr. Rolph N.S. Balgobin (Chairman)
Mr. Frederick Gilkes
Mr. Terrence Bharath
Mr. Ulric Miller
Ms. Ingrid Lashley
Mr. Kirby Anthony Hosang
Mr. Albert George Tom Yew
Mr. Trevor Marshall

Company Secretary

Mrs. Jennifer H Frederick, FCCA, CA, BSc

Registered Office

Corner Eastern Main Road
& Trinity Avenue
Laventille, Trinidad & Tobago
E-mail: jfrederick@clfinancial.com
Website: www.angostura.com

Registrar & Transfer Office

Trinidad & Tobago Central
Depository Limited
10th Floor, Nicholas Towers
63-65 Independence Square
Port of Spain, Trinidad & Tobago

Auditors

KPMG
Savannah East
11 Queen's Park East
Port of Spain
Trinidad and Tobago, W.I

Bankers

Citibank (Trinidad & Tobago) Limited
12 Queen's Park East
Port of Spain, Trinidad & Tobago

First Citizens Bank Limited
Corporate Banking Unit
2nd floor, Corporate Centre
9 Queen's Park East
Port of Spain, Trinidad & Tobago

Scotiabank Limited
Scotia Centre Branch,
56-58 Richmond Street
Port of Spain, Trinidad & Tobago

Republic Bank Limited
Promenade Centre,
72 Independence Square
Port of Spain, Trinidad & Tobago

Attorneys-at-law

J.D. Sellier & Company
129-131 Abercromby Street
Port of Spain, Trinidad & Tobago

Lex Caribbean
First Floor, 5-7 Sweet Briar Road
Port of Spain, Trinidad & Tobago

Message from the Chairman



Dr. Rolph Balgobin - *Chairman*

Annual Report 2017

For the year ended December 31, 2017, the Group recorded revenue of \$575.2m versus \$620.5m in 2016, a decrease of \$45.3m (7.3%). This anticipated decline in revenue was due to the strategic decision to downsize the unprofitable export commodity rum business and focus on building the global profile of our brands. Although continuing difficulties with our waste water treatment plant contributed to higher production costs, this was countered by price increases in commodity rum exports and significant improvements in distillery operations, ensuring that acceptable gross profit levels were maintained.

The commodity rum business, i.e. unbranded product revenue, represented 6.5% of the Group's revenue in 2017 compared to 18% in 2016, a reduction of \$74.8m in line with our strategic repositioning of the company's export offerings. (Refer to Diagram 1 for 5-year history).

The rum brands and signature Angostura® aromatic bitters brand performed favourably with revenue growth of 6%, to \$537m, and increased operating profit of \$5.7m, or 3.6%, in 2017, reflecting the changing focus of the business.

Given the economic volatility in all major markets (inclusive of Trinidad and Tobago), the business performed creditably, surpassing the average financial performance in the local non-energy manufacturing sector in 2017.

In keeping with our GAIM strategy – Growth, Alignment, Innovation and Measurement – during 2017 the company focussed on operational efficiencies to make the supply chain lean and agile with many process improvement initiatives aligned around attaining ISO 9001: 2015 and 14001: 2015 recertification. The restructuring of the organisation and in particular the Executive team during the year reduced costs and increased efficiencies in pursuit of improved financial fitness as we prepare for an increased global thrust.

Message from the Chairman



To focus on international growth of the branded business and improve shareholder value, the Board recognises the need for greater reinvestment of profits in the development of export markets.

The Directors have therefore recommended a final dividend in respect of the year ended December 31, 2017 of \$0.12 per share with a record date of June 15, 2018 and payment date of June 30, 2018.

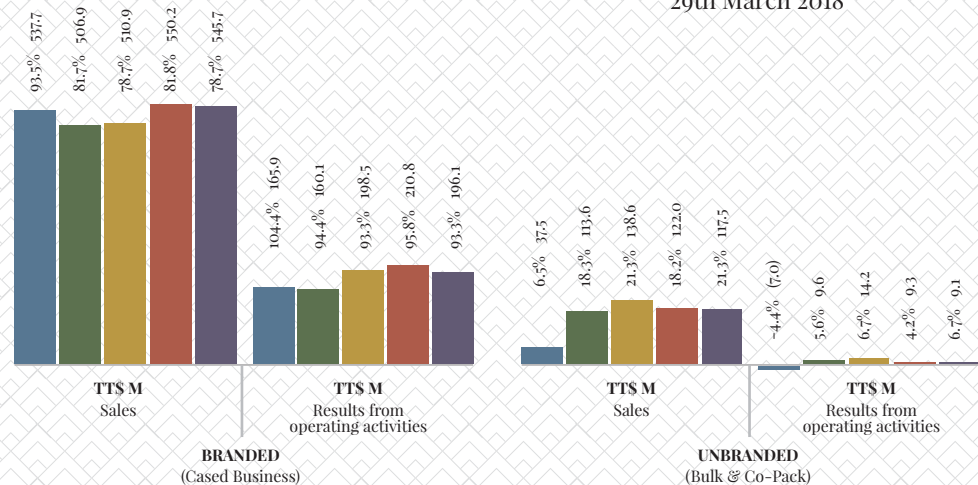
Together with the interim dividend of \$0.09 per share paid on September 15, 2017, the total dividend in respect of 2017 will be \$0.21 per share (Refer to Diagram 2).

Dr. Rolph Balgobin

Chairman
29th March 2018

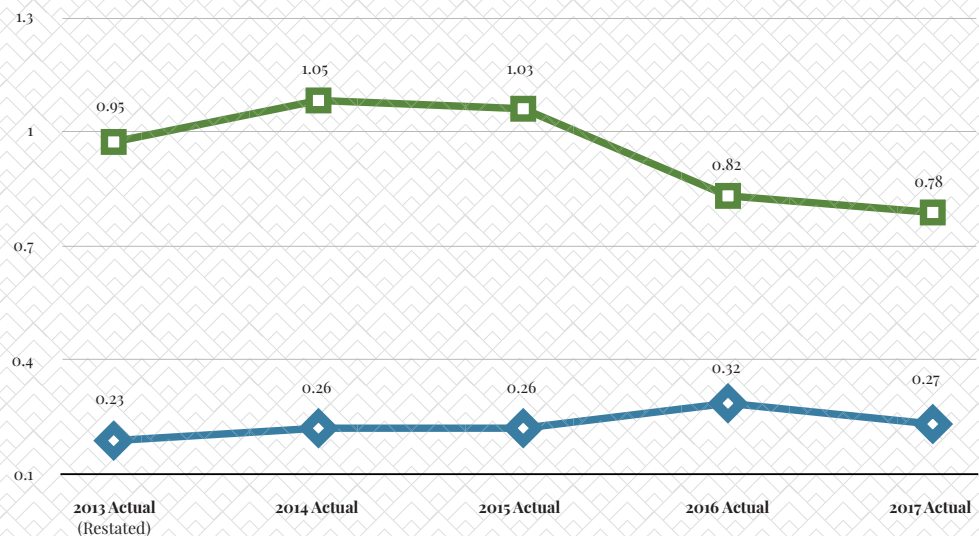
**Diagram 1
Branded and
Unbranded Business**

2017
2016
2015
2014
2013



**Diagram 2
EPS/Dividends**

Dividends paid
EPS - Results from continuing operations



Message from the CEO



Genevieve Jodhan – *Chief Executive Officer*

Dear Shareholder,

The last year brought with it new challenges and development opportunities for the Group. Despite these challenges, during 2017 we streamlined the business, restructured the organisation and had the courage to change the business model, thus laying the foundation for continued success.

Performance

Despite the 7.3% decline in revenue, the strong balance sheet reflects the impact of better management of credit and collections, inventory controls and process improvements. The resulting improvement in cash holdings and short term investment of \$369.5m was \$88m more than 2016. These endeavours form part of the GAIM framework for growth which will ensure a strong future for the Group.

The alcohol industry in Trinidad and Tobago is currently in a volatile state, given persistent economic challenges, alcohol regulations, and the continued challenge of operating within a market with declining export earnings. In light of these factors, the Group's performance in the Trinidad and Tobago market during 2017 has been laudable (Refer to Diagram 1 for Branded Sales By Region).

Moving forward, continued success in this market will be won through improved focus on distribution and availability, along with successful engagement with millennials. Customer loyalty is evident and we aim to improve our marketing thrust to existing consumers while recruiting new ones.

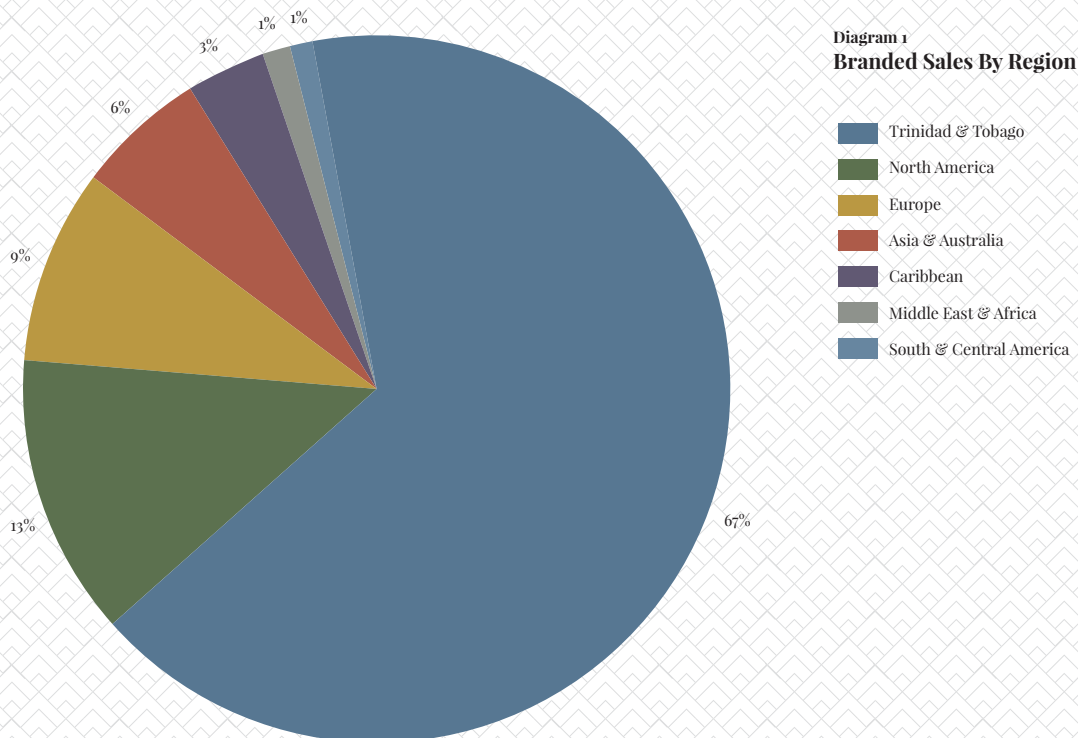
Message from the CEO (continued)



Our Bitters growth in all export markets was encouraging. Continued alignment of our international distribution network is key to long term growth of our export brands – Angostura® Bitters, Angostura premium rums, Lemon, Lime and Bitters, and Amaro di Angostura®. On the rum front, our goal is sustainable growth. Our focus is on identifying the right rums for the right markets, in a hugely competitive environment which includes more than 400 rum brands. The cost to serve our customers is high. So, to get to where we want to go we must curate our portfolio so that it is aligned to our strengths. We will seek growth in carefully selected and targeted segments and markets.

Many **demand/supply alignment** projects commenced in 2017, as we navigated through production challenges arising as a result of an underperforming waste water treatment plant and packaging supply quality issues. Through operational efficiency programs, cross-functional team work and key process improvements, we set the stage for recertification under ISO 2015.

The last year has shown us that the local market demonstrates both loyalty and stability. As we proceed into 2018, our aim is to consolidate our gains locally and push for advancement in key international markets. In so doing, our ambition is to **innovate** faster to secure a strong place for the Group in the industry globally, as we build a better future.



Message from the CEO (continued)



In 2018, our goal is to develop using insights gained in the last year, to **measure** our successes, to learn from our failures and to reap the rewards of hard work of 2017. The House of Angostura remains at the forefront of the alcohol beverage industry in Trinidad and Tobago, and a key stakeholder in the market globally – and we intend to build to greater heights in the forthcoming year.

I thank you for having faith in me, and our Executives, and look forward to working with Team Angostura to meet the expectations of the stakeholders of Angostura Holdings Limited in 2018.

Genevieve Jodhan

CEO
29th March 2018

To achieve our mission, we aim to collaborate with our alliance partners to deliver:

- Growth:** Becoming a highly efficient and global beverage business whilst responsibly maximising long term return to shareholders
- Alignment:** Streamlining our business processes internally to develop supply chain agility, and externally to continuously build a network of alliance partners with shared values
- Innovation:** Enriching the lives of our people by providing the best workplace environment that stimulates creativity to offer a portfolio of drink brands that cater to people's aspirations and needs
- Measurement:** Being a responsible corporate citizen that develops talent and measures results whilst building and supporting sustainable communities