

Consolidated Unaudited Results for the Six Months Ended 31 May 2018

PRESTIGE HOLDINGS LTD. *A Restaurant Management Company*

Prestige Holdings Limited Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first half 2018 Group revenue increased by 3% to \$521 million and profit after tax decreased by 16% to \$13.4 million, from \$15.8 million in the previous year. Earnings per share were 21.5 cents, 16% below that earned for the corresponding period in 2017. These results were generated from an average number of 123 restaurants.

Our performance for the half year was very much in line with the first quarter. The difficult economic environment in Trinidad and Tobago continues to weigh on consumer demand and pricing discretion. Additionally, as mentioned in my first quarter report, food cost inflation remains a challenge, driven by higher currency conversion costs and higher food cost inputs. Despite the macro-economic environment, we are confident that with our strong brands, there are opportunities for improved performance through better execution, improved operations and by continuing to drive demand through relevant and attractive value meal offerings.

While there are some initial signs of improved macro-economic performance in the local economy, we do not expect any significant improvement in consumer sentiment in the second half of 2018. Having said that, we are executing on a number of initiatives that we fully expect will add value and improve performance as we move forward.

We recently announced that, after eight years as CEO of Prestige Holdings, Charles Pashley has decided that the time is right to pursue new challenges in his professional and personal life. Charles has spent the last eighteen years in the wider Victor E Mouttet Limited group, spending 10 years as CEO of Smith Robertson and Company Limited before taking on the leadership position at Prestige Holdings. In both positions and throughout his entire tenure, Charles has been a strong team builder and brought a high level of passion, dedication and energy to his position. On behalf of the Board, I would like to sincerely thank him for the significant contribution that he has made to our company, and to wish him every success in his future endeavours.

Christian E. Mouttet
Chairman
27 June 2018

CONSOLIDATED INCOME STATEMENT YEAR ENDED 31 MAY 2018

	Six (6) Months to 31 May 2018	Six (6) Months to 31 May 2018	Six (6) Months to 31 May 2017	Three (3) Months to 31 May 2018	Three (3) Months to 31 May 2017	Year to 30 November 2017
	% change	(UNAUDITED) \$ '000	(UNAUDITED) \$ '000	(UNAUDITED) \$ '000	(UNAUDITED) \$ '000	(AUDITED) \$ '000
Revenue	3%	521,484	505,096	257,343	252,437	1,040,067
Cost of sales		(343,824)	(329,200)	(169,437)	(164,238)	(680,064)
Gross profit		177,660	175,896	87,906	88,199	360,003
Other operating expenses		(112,920)	(107,978)	(56,775)	(55,449)	(223,565)
Administrative expenses		(43,146)	(41,444)	(21,769)	(21,022)	(82,278)
Other income		957	982	482	513	2,167
Operating profit		22,551	27,456	9,844	12,241	56,327
Finance costs		(2,736)	(2,852)	(1,314)	(1,368)	(5,422)
Profit before income taxation	-19%	19,815	24,604	8,530	10,873	50,905
Income tax expense		(6,437)	(8,755)	(2,801)	(4,201)	(18,048)
Profit for the year	-16%	13,378	15,849	5,729	6,672	32,857
Attributable to:						
Owners of the Parent Company	-16%	13,378	15,849	5,729	6,672	32,857
Basic earnings per share (exclusive of ESOP shares)	-16%	21.5 cents	25.6 cents	9.2 cents	10.8 cents	52.8 cents
Diluted earnings per share (exclusive of ESOP shares)		21.5 cents	25.6 cents	9.2 cents	10.8 cents	52.8 cents

Director

Director

Notes:

1. The Consolidated Financial Statements include the activities of Prestige Holdings Limited, the Parent Company (KFC, Pizza Hut, Subway and Starbucks), Weekenders Trinidad Limited (TGI Fridays Trinidad) and Prestige Restaurants Jamaica Limited (TGI Fridays Jamaica).

2. The accounting policies used in preparation of the six (6) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six (6) Months to 31 May 2018	Six (6) Months to 31 May 2017	Year to 30 November 2017
	(UNAUDITED) \$ '000	(UNAUDITED) \$ '000	(AUDITED) \$ '000
Profit for the year	13,378	15,849	32,857
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	(104)	15	88
Total comprehensive income for the year	13,274	15,864	32,945
Attributable To: Owners of the Parent Company	13,274	15,864	32,945



CONSOLIDATED BALANCE SHEET

	31 May 2018	31 May 2017	30 November 2017
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
ASSETS			
Property, plant and equipment	269,136	264,668	277,735
Other intangible assets	81,952	74,704	77,671
Current assets	133,307	131,645	142,085
Total assets	484,395	471,017	497,491
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Retained earnings	242,016	232,885	241,141
Other reserves	17,894	17,925	17,998
Unallocated shares held by ESOP	(1,148)	(3,576)	(1,148)
Non current liabilities	56,413	76,441	69,083
Current liabilities	145,461	123,583	146,658
Total equity and liabilities	484,395	471,017	497,491

CONSOLIDATED CASHFLOW STATEMENT

	31 May 2018	31 May 2017	30 November 2017
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
Cash flow from operating activities			
Cash generated from operations	35,552	18,914	91,152
Interest paid	(2,736)	(2,852)	(5,422)
Income tax paid	(7,831)	(7,992)	(18,367)
Net cash generated from operating activities	24,985	8,070	67,363
Investing activities	(20,079)	(13,129)	(53,735)
Financing activities	(16,203)	(25,753)	(41,504)
Net decrease in cash and cash equivalents	(11,297)	(30,812)	(27,876)
Cash and cash equivalents at the beginning of the year	56,372	84,248	84,248
Cash and cash equivalents at the end of the period	45,075	53,436	56,372

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Equity Instrument	Other Reserves	Retained Earnings	Total	Unallocated Shares Held by ESOP	Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 December 2016	23,759	5,000	17,910	230,789	277,458	(3,576)	273,882
Comprehensive income							
Profit for the year	--	--	--	32,857	32,857	--	32,857
Other comprehensive income							
Currency translation differences	--	--	88	--	88	--	88
Total comprehensive income for the year	--	--	88	32,857	32,945	--	32,945
Transactions with owners							
Redemption	--	(5,000)	--	--	(5,000)	--	(5,000)
Shares allocated during the year	--	--	--	--	--	2,428	2,428
Dividends for 2016							
-Paid 22 cents per share	--	--	--	(13,753)	(13,753)	--	(13,753)
Dividends for 2017							
-Paid 14 cents per share	--	--	--	(8,752)	(8,752)	--	(8,752)
Total transactions with owners	--	(5,000)	--	(22,505)	(27,505)	2,428	(25,077)
Balance at 30 November 2017	23,759	--	17,998	241,141	282,898	(1,148)	281,750
Balance at 1 December 2017	23,759	--	17,998	241,141	282,898	(1,148)	281,750
Comprehensive income							
Profit for the year	--	--	--	13,378	13,378	--	13,378
Other comprehensive loss							
Currency translation differences	--	--	(104)	--	(104)	--	(104)
Total comprehensive income/(loss) for the year	--	--	(104)	13,378	13,274	--	13,274
Transactions with owners							
Dividends for 2017							
-Paid 20 cents per share	--	--	--	(12,503)	(12,503)	--	(12,503)
Total transactions with owners	--	--	--	(12,503)	(12,503)	--	(12,503)
Balance at 31 May 2018	23,759	--	17,894	242,016	283,669	(1,148)	282,521