



UNILEVER CARIBBEAN LIMITED

Unaudited Financial Statements

for the Half-Year ended 30 June 2018

Expressed in Trinidad & Tobago Dollars

CHAIRMAN'S REVIEW - H1 2018

Unilever Caribbean Limited's (UCL) results show the impacts of the continued economic and financial challenges experienced by Trinidad and Tobago and the Southern Caribbean territories. The underlying slowdown of economies continues to be a concern, especially in Barbados and in Suriname. Consequently, UCL delivered in H1 \$215M in turnover; an 11% decrease versus prior year. However, turnover in Q2 2018 increased to \$114M vs 2018 Q1 turnover of \$101M.

Gross margins were maintained due to increased focus on higher margin categories and improved operational efficiencies, which compensated for the increased depreciation costs from the \$54M capital investment completed in 2017. The re-enforcement of the growth mindset and other key initiatives, together with the deployment of the zero-based budget programme, provided savings in operating expenses of 16% year on year. These actions also contributed to an improved cash position of \$41.8M at end June 2018 vs \$34.9M at end June 2017. Profit before tax was \$9.3M vs \$9.7M in prior year. Profit after tax closed at \$6.3M vs \$6.8M in 2017.

While your board is not satisfied with the disappointing 2018 half year results, we are encouraged that our transformation efforts are yielding improvement – as evidenced by the 13% increase in sales between quarter 1 and quarter 2. With a return to GDP growth this year in the local economy, along with some regional economies strengthening, and reduced volatility in oil prices, we are well positioned to complete the stabilisation of the business and return to sustainable growth as we restore confidence to all stakeholders. Your board will continue to work with the leadership team to refine and execute the turnaround strategy for long-term growth.

As previously communicated, Unilever Caribbean Limited has approved and completed the sale of the Spreads business to KKR on 2nd July 2018. The company remains committed to the market and will continue to invest in expanding the portfolio offered to consumers in line with its global strategy.

We also commit to accelerate the implementation of initiatives to deliver improved performance.

Your directors have approved an interim dividend of TT\$0.08 per share (2017: nil) which will be paid on 10th September, 2018 to shareholders. The record date for payment will be Tuesday 28th August, 2018.

Nuria Hernández Crespo
Chairman

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT		AUDITED
	30 JUN 18	30 JUN 17	31 DEC 17
	\$'000	\$'000	\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	129,918	127,907	154,741
Retirement benefit asset	66,249	46,907	68,432
Deferred tax asset	7,175	7,568	7,540
	<u>203,342</u>	<u>182,382</u>	<u>230,713</u>
Current assets			
Assets held for sale	23,151	-	-
Inventories	54,208	64,892	49,779
Trade and other receivables	85,451	133,720	111,180
Due from related companies	26,932	4,466	13,683
Taxation recoverable	8,483	9,774	7,815
Cash at bank and in hand	41,785	34,900	31,720
	<u>240,010</u>	<u>247,752</u>	<u>214,177</u>
Total assets	<u>443,352</u>	<u>430,134</u>	<u>444,890</u>
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	26,244	26,244	26,244
Property revaluation surplus	35,643	35,643	35,643
Retained earnings	161,381	154,455	172,433
Total equity	<u>223,268</u>	<u>216,342</u>	<u>234,320</u>
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	23,917	25,228	27,391
Deferred tax liabilities	33,086	28,634	34,385
	<u>57,003</u>	<u>53,862</u>	<u>61,776</u>
Current liabilities			
Trade and other payables	81,491	97,949	86,367
Provisions for other liabilities	9,165	6,400	8,903
Due to parent and related companies	72,425	55,581	53,524
	<u>163,081</u>	<u>159,930</u>	<u>148,794</u>
Total liabilities	<u>220,084</u>	<u>213,792</u>	<u>210,570</u>
Total equity and liabilities	<u>443,352</u>	<u>430,134</u>	<u>444,890</u>

John De Silva, Managing Director

Nanda Persad, Finance Director

NOTES TO THE FINANCIAL STATEMENTS:

- Basis of preparation. These summary financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB).
- Summary of significant accounting policies. The principal accounting policies applied in the preparation of these summary financial statements are consistent with those disclosed in the audited financial statements as at and for the year ended December 31, 2017, and have been consistently applied to all periods presented, unless otherwise stated.

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	UNAUDITED		UNAUDITED		AUDITED
	3 MONTHS ENDED		6 MONTHS ENDED		12 MONTHS ENDED
	30 JUN 18	30 JUN 17	30 JUN 18	30 JUN 17	31 DEC 17
	\$'000	\$'000	\$'000	\$'000	\$'000
Turnover	<u>114,135</u>	<u>126,550</u>	<u>214,980</u>	<u>241,631</u>	<u>464,042</u>
Cost of sales	(72,051)	(77,030)	(138,453)	(151,964)	(297,897)
Gross profit	<u>42,084</u>	<u>49,520</u>	<u>76,527</u>	<u>89,667</u>	<u>166,145</u>
Selling and distribution costs	(26,969)	(37,704)	(55,160)	(63,361)	(115,245)
Administrative expenses	(7,183)	(7,689)	(12,091)	(16,351)	(29,474)
Loss on disposal of plant and equipment	-	-	-	-	(1,910)
Operating profit	<u>7,932</u>	<u>4,127</u>	<u>9,276</u>	<u>9,955</u>	<u>19,515</u>
Finance income/(costs)-net	40	(126)	42	(246)	(352)
Profit before taxation	<u>7,972</u>	<u>4,001</u>	<u>9,318</u>	<u>9,709</u>	<u>19,163</u>
Taxation	(2,383)	(1,012)	(2,976)	(2,875)	(8,693)
Profit after taxation	<u>5,589</u>	<u>2,989</u>	<u>6,342</u>	<u>6,834</u>	<u>10,470</u>
Other comprehensive income					
Re-measurements of defined benefit asset/ liability	-	-	-	-	20,488
Related tax	-	-	2,552	-	(6,146)
Total comprehensive income for the period	<u>5,589</u>	<u>2,989</u>	<u>8,894</u>	<u>6,834</u>	<u>24,812</u>
Earnings per share	<u>\$0.21</u>	<u>\$0.11</u>	<u>\$0.24</u>	<u>\$0.26</u>	<u>\$0.40</u>

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED		UNAUDITED		AUDITED
	3 MONTHS ENDED		6 MONTHS ENDED		12 MONTHS ENDED
	30 JUN 18	30 JUN 17	30 JUN 18	30 JUN 17	31 DEC 17
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating activities					
Profit before taxation	7,972	4,001	9,318	9,709	19,163
Adjustment for items not affecting working capital	550	2,174	3,334	8,767	11,087
Operating profit before working capital changes	8,522	6,175	12,652	18,476	30,250
Net decrease /(increase) in working capital	14,317	21,251	35,460	(6,175)	11,127
Cash flows from operating activities	<u>22,839</u>	<u>27,426</u>	<u>48,112</u>	<u>12,301</u>	<u>41,377</u>
Taxation & interest paid (net of refunds)	(1,012)	(6,549)	(2,025)	(11,388)	(11,388)
Net cash flows from operating activities	<u>21,827</u>	<u>20,877</u>	<u>46,087</u>	<u>913</u>	<u>29,989</u>
Cash flows used in investing activities					
Purchase of plant and equipment	(704)	(6,191)	(2,953)	(10,279)	(43,020)
Proceeds from sale of property, plant and equipment	-	-	-	-	487
Net cash flows used in investing activities	<u>(704)</u>	<u>(6,191)</u>	<u>(2,953)</u>	<u>(10,279)</u>	<u>(42,533)</u>
Cash flows used in financing activities					
Dividends paid	(33,068)	(13,121)	(33,068)	(13,121)	(13,121)
Net cash flows used in financing activities	<u>(33,068)</u>	<u>(13,121)</u>	<u>(33,068)</u>	<u>(13,121)</u>	<u>(13,121)</u>
Increase / (decrease) in cash and cash equivalents	<u>(11,946)</u>	<u>1,566</u>	<u>10,065</u>	<u>(22,486)</u>	<u>(25,666)</u>
Cash and cash equivalents at beginning of period	<u>53,731</u>	<u>33,334</u>	<u>31,720</u>	<u>57,386</u>	<u>57,386</u>
Cash and cash equivalents at the end of period	<u>41,785</u>	<u>34,900</u>	<u>41,785</u>	<u>34,900</u>	<u>31,720</u>
Represented by:					
Cash at bank and in hand	<u>41,785</u>	<u>34,900</u>	<u>41,785</u>	<u>34,900</u>	<u>31,720</u>

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Property Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 January, 2018	26,244	35,643	172,433	234,320
Total comprehensive income for the period	-	-	8,894	8,894
Dividends	-	-	(19,945)	(19,945)
Balance as at 30 June, 2018	<u>26,244</u>	<u>35,643</u>	<u>161,381</u>	<u>223,268</u>
Balance as at 1 January, 2017	26,244	35,643	173,865	235,752
Total comprehensive income for the period	-	-	6,834	6,834
Dividends	-	-	(26,244)	(26,244)
Balance as at 30 June, 2017	<u>26,244</u>	<u>35,643</u>	<u>154,455</u>	<u>216,342</u>