



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2020



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2020	2019	2019
Revenue	414,555	426,521	1,670,883
Cost of sales	(295,688)	(284,145)	(1,204,872)
Gross profit	118,867	142,376	466,011
Operating expenses	(62,937)	(71,203)	(243,397)
Impairment of trade receivables	194	(343)	847
Operating earnings before other expenses, net	56,124	70,830	223,461
Other expenses, net	(4,756)	(11,598)	(73,702)
Operating earnings	51,368	59,232	149,759
Financial expense	(28,985)	(12,781)	(97,204)
Financial income and other items, net	7	24	666
Earnings before taxation	22,390	46,475	53,221
Taxation charge	(12,280)	(14,109)	(38,295)
Net earnings from continuing operations	10,110	32,366	14,926
Net earnings from discontinued operations	-	-	423
NET INCOME	10,110	32,366	15,349
Non-controlling interest	(6,524)	(15,606)	(25,730)
CONTROLLING INTEREST	3,586	16,760	(10,381)
Basic and diluted earnings (loss) per share - cents (Note 3):	1.0	5.0	(2.8)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2020	2019	2019
NET INCOME	10,110	32,366	15,349
Items that will not be reclassified subsequently to the statement of profit or loss			
Net actuarial gains (losses) from remeasurements of defined benefit pension plans	-	-	53,783
Taxation recognised directly in other comprehensive income	-	-	(16,459)
	-	-	37,324
Items that are or may be reclassified subsequently to the statement of profit or loss			
Effects from derivative financial instruments designated as cash flow hedges	(587)	-	(697)
Currency translation results of foreign subsidiaries	(11,712)	(4,939)	(16,774)
	(12,299)	(4,939)	(17,471)
	(12,299)	(4,939)	19,853
TOTAL COMPREHENSIVE (LOSS) INCOME	(2,189)	27,427	35,202
Non-controlling interest	(2,918)	(16,117)	(52,574)
CONTROLLING INTEREST	(5,107)	11,310	(17,372)
Out of which:			
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	-	-	423
COMPREHENSIVE (LOSS) INCOME FROM CONTINUING OPERATIONS	(5,107)	11,310	(17,795)

DIRECTORS' STATEMENT

The health and safety of the TCL Group community and its stakeholders is of paramount importance. We have joined the efforts of the Caribbean region to flatten the curve of Covid-19 contagion by complying with all regulatory guidelines as well as proactively implementing enhancements to our production protocols to safeguard our employees. Additionally, during the first quarter, we continued to raise the bar on safety, driven by global industry best practices and our Zero4Life initiative. The result was an accident-free first quarter.

We remain dedicated to community outreach and engagement. Youngsters were at the forefront of our efforts in the quarter, benefitting from practical demonstrations of road safety awareness under our "Vulnerable Road Users" programme executed at selected schools across Guyana, Trinidad & Tobago, Barbados and Jamaica. In early January, an alliance was announced with the Andrew Lewis Sailing Foundation, signalling the start of a journey to promote community development through sport, education and teambuilding across Trinidad & Tobago. With the arrival of the Covid-19 pandemic in the Caribbean in February, we have redirected our community outreach to address this new challenge. During the quarter, we distributed masks and hand sanitiser to employees and neighbouring communities as well as dedicated our packaging production in Trinidad to creating flour bags so that the community could still have access to this essential food staple.

In terms of financial performance for the first quarter of 2020, the TCL Group recorded revenue of \$415 million, a 3% decline compared with the first quarter of 2019. Revenue was negatively affected by the lost sales days in March due to Covid-19 restrictions imposed by some governments. The TCL Group recorded operating earnings before other expenses of \$56 million in the first quarter 2020, a decrease of 21% compared with the same period in 2019, primarily due to the operating results in Jamaica as a result of timing differences in annual scheduled maintenance conducted in the first quarter 2020 versus the second quarter of 2019.

The first quarter 2020 financial expense of \$29 million reflected an increase compared with the same quarter in 2019, primarily due to adverse exchange rate movement of the Jamaican Dollar. The TCL Group earned a net income from operations of \$10 million for the first quarter 2020 compared with \$32 million in the same period last year.

During the first quarter 2020, the TCL Group generated \$59 million in cash from operations, as a result of efficient working capital management. In keeping with the Group's initiative to reduce debt, a portion of these funds was allocated to repaying

debt as well as investing in capital expenditure to improve plant facilities.

The impact of the Covid-19 pandemic on the TCL Group 2020 results is uncertain at this time. Visibility for the business is limited as it will depend on the duration and spread of the outbreak, the response of government authorities as well as the timing of recovery. In addition to Covid-19, we continue to face the challenges to our business in the region that existed prior to the arrival of the pandemic in the region. These include weak economic growth in many of our local economies over the last few years and imports of cement into the region. The TCL Group has designed several plans to meet alternative scenarios in a highly uncertain environment.

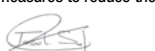
Covid-19 and our Actions

The Covid-19 pandemic is undoubtedly one of the greatest challenges of our times. At TCL Group, we are acting decisively to analyse, develop, and execute measures to safeguard our company and our people, as well as our customers, suppliers and communities. In many markets, our operations must comply with new restrictions imposed by the authorities on commercial and industrial activities as well as devise new protocols to keep our employees and customers safe. We are following government regulations, whilst working to minimise as much as possible the impact on our business and on our ability to serve our customers. Our action plans are therefore focused on maximising the protection of our employees and fostering operational resilience. In this regard, we have implemented multiple protocols and other measures, including but not limited to:

- Focusing only on essential activities across our businesses to safeguard cash flows;
- Developing and considering different contingency plans to prepare for the possibility of further extensions to the current shutdown;
- Enhancing our communication with employees and all relevant stakeholders; and
- Protecting our employees working within our facilities by:
 - Reinforcing physical distancing measures and personal hygiene;
 - Temperature testing of all entrants to facilities at access points;
 - Enhanced cleaning and disinfecting procedures at all facilities; and
 - Promoting remote work where possible according to job responsibilities.

Local Rapid Response Teams (RRTs) also remain activated throughout our operations as we continue to implement preventive measures to reduce the risks to TCL Group and the community.


David G. Inglefield
Chairman
April 24, 2020


Jose L. Seijo Gonzalez
Managing Director
April 24, 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED		AUDITED
	31.03.20	31.03.19	31.12.19
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	82,431	65,972	87,453
Trade accounts receivable, net	80,221	86,752	87,940
Other accounts receivable	45,964	58,179	47,284
Taxation receivable	14,798	4,012	5,871
Inventories, net	231,213	247,627	253,103
Total current assets	454,627	462,542	481,651
NON-CURRENT ASSETS			
Investments	1	1	1
Property, machinery and equipment, net	1,770,838	1,860,606	1,826,491
Deferred taxation assets	134,917	139,068	251,394
Employee benefits	52,520	13,194	54,793
Total non-current assets	1,958,276	2,012,869	2,132,679
TOTAL ASSETS	2,412,903	2,475,411	2,614,330
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	18,000	18,000	18,000
Other financial obligations	6,779	4,507	6,421
Trade payables	239,069	207,678	247,507
Taxation payable	3,902	5,882	4,526
Other current liabilities	233,719	286,417	256,386
Total current liabilities	501,469	522,484	532,840
NON-CURRENT LIABILITIES			
Long-term debt	805,257	895,860	865,182
Other financial obligations	21,365	11,347	20,524
Employee benefits	177,580	176,232	176,503
Deferred taxation liabilities	199,691	168,604	309,477
Other non-current liabilities	2,700	2,096	2,774
Total non-current liabilities	1,206,593	1,254,139	1,374,460
TOTAL LIABILITIES	1,708,062	1,776,623	1,907,300
STOCKHOLDERS' EQUITY			
Controlling interest:			
Stated capital	827,732	827,732	827,732
Unallocated ESOP shares	(20,019)	(20,019)	(20,019)
Other equity reserves	(300,631)	(254,151)	(291,938)
Retained earnings	131,297	109,987	141,678
Net income (loss)	3,586	16,760	(10,381)
Total controlling interest	641,965	680,309	647,072
Non-controlling interest	62,876	18,479	59,958
TOTAL STOCKHOLDERS' EQUITY	704,841	698,788	707,030
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,412,903	2,475,411	2,614,330

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		AUDITED
	Three Months Jan to Mar		Year Jan to Dec
	2020	2019	2019
OPERATING ACTIVITIES			
Net income	10,110	32,366	15,349
Discontinued operations	-	-	(423)
Net income from continuing operations	10,110	32,366	14,926
Non-cash items:			
Depreciation and amortisation of assets	37,083	36,892	143,195
Financial expense, net	28,978	12,757	96,538
Pension plan and other post-retirement benefit	6,742	11,013	26,298
Other items, net	(13,798)	(1,368)	2,314
Taxation charge	12,280	14,109	38,295
Changes in working capital, excluding taxation	(176)	(57,923)	(25,292)
Net cash flow provided by operating activities from continuing operations before financial expense, taxation and post employment benefits paid	81,219	47,846	296,274
Financial expense paid	(10,951)	(10,725)	(66,422)
Taxation paid	(8,299)	(1,410)	(16,707)
Pension plan contributions and other post-retirement benefit paid	(3,392)	(3,217)	(15,814)
Net cash flow provided by operating activities from continuing operations	58,577	32,494	197,331
Net cash flows provided by operating activities	58,577	32,494	197,331
INVESTING ACTIVITIES			
Property, machinery and equipment, net	(10,438)	(16,800)	(139,742)
Net cash flows used in investing activities	(10,438)	(16,800)	(139,742)
FINANCING ACTIVITIES			
Purchase of non-controlling interests in subsidiaries	-	-	-
Increase (repayment) of debt, net	(53,405)	(26,163)	(51,379)
Other financial obligations, net	1,199	(1,377)	4,289
Net cash flows used in financing activities	(52,206)	(27,540)	(47,090)
Increase (decrease) in cash and cash equivalents from continuing operations	(4,067)	(11,846)	10,499
Cash conversion effect, net	(955)	81	(783)
Cash and cash equivalents at beginning of period	87,453	77,737	77,737
CASH AND CASH EQUIVALENTS AT END OF PERIOD	82,431	65,972	87,453
Changes in working capital, excluding taxation:			
Trade accounts receivable, net	7,719	11,848	10,660
Other accounts receivable and other assets	1,320	8,375	12,455
Inventories	21,890	(17,105)	(23,921)
Trade payables	(8,438)	(21,769)	21,835
Other current and non-current liabilities	(22,667)	(39,272)	(46,321)
Changes in working capital, excluding taxation	(176)	(57,923)	(25,292)



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE THREE MONTHS ENDED MARCH 31, 2020



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

TT \$'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Mar		Jan to Dec	Jan to Mar		Jan to Dec
	2020	2019	2019	2020	2019	2019
Balance at beginning of period	647,072	669,345	669,345	59,958	2,483	2,483
Adjustment on initial application of IFRS 16	-	(346)	-	-	(121)	-
Net income (loss)	3,586	16,760	(10,381)	6,524	15,606	25,730
Total other items of comprehensive income, net	(8,693)	(5,450)	(6,991)	(3,606)	511	26,844
Change in non-controlling interest	-	-	(4,901)	-	-	4,901
Balance at end of period	641,965	680,309	647,072	62,876	18,479	59,958

SEGMENT INFORMATION

TT \$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED THREE MONTHS JAN TO MAR 2020					
Revenue					
Total	454,149	18,206	23,185	-	495,540
Intersegment	(58,546)	(861)	(21,578)	-	(80,985)
Third party	395,603	17,345	1,607	-	414,555
Earnings before taxation	21,296	476	618	-	22,390
Depreciation	34,620	1,917	546	-	37,083
Segment assets	3,087,893	109,240	98,424	(882,654)	2,412,903
Segment liabilities	2,328,920	50,229	29,941	(701,028)	1,708,062
Capital expenditure	8,648	1,784	6	-	10,438
UNAUDITED THREE MONTHS JAN TO MAR 2019					
Revenue					
Total	466,613	15,511	17,883	-	500,007
Intersegment	(56,369)	(529)	(16,588)	-	(73,486)
Third Party	410,244	14,982	1,295	-	426,521
Earnings (loss) before taxation	50,762	(4,576)	656	(367)	46,475
Depreciation	35,718	2,184	601	(1,611)	36,892
Segment assets	2,773,647	95,266	83,187	(476,689)	2,475,411
Segment liabilities	2,512,747	68,569	38,904	(843,597)	1,776,623
Capital expenditure	16,679	117	4	-	16,800
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 condensed consolidated financial statements are prepared in accordance with established criteria developed by management and disclose the condensed consolidated statement of financial position, condensed consolidated statement of profit or loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in stockholders' equity and condensed consolidated statement of cash flows.

2. Accounting Policies

These condensed consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 of the December 31, 2019 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 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 374.648M, the weighted average of 2.845M shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

4. Cost of Sales, Operating and Other Operating 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 sales, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sales and the customers' facilities.

Other expenses, net consist primarily of revenues 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.