

Consolidated Unaudited Results for the Three Months Ended 29 February 2020

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

PRESTIGE HOLDINGS LIMITED Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

This is one of the more difficult Chairman's Statements that I have had to write, given the coronavirus Covid 19 pandemic that is currently gripping the world and the effect that this virus is having on the lives and livelihood of millions of people worldwide, including us right here in Trinidad and Tobago. We believe that the recent decision by the government to require all restaurants in Trinidad and Tobago to close, until 30th April 2020 at the earliest, while a difficult one for all of our stakeholders, is the right one at this time. I think it appropriate to highlight the first of our company's Core Values: "We care for, recognize & respect each other, our customers & our communities". The health and wellbeing of our employees, customers and the communities in which we operate are paramount to us.

For the first three months of the Financial Year 2020, group revenue increased by 14% to \$291 million, and profit attributable to shareholders increased by 46% to \$8.2 million compared with \$5.6 million for the same period last year. These results are after taking into account the effects of the newly adopted IFRS 16 leases standard, as is now required, which specifies how companies recognize, measure and disclose lease obligations. The impact of this new standard in this quarter was a non-cash reduction in profit before tax of \$2.2 million and an initial increase in Non-Current Assets and Non-Current Liabilities on our Balance Sheet of \$291 million respectively.

The significant improvement in profitability for the quarter (an increase of 77% before tax if the IFRS 16 impact is excluded) is as a result of the growth in sales, the continuing improvements in the efficiencies in our operations, and the timing of Carnival, which fell in this period as opposed to the Second Quarter in 2019. At the end of the quarter we had 129 restaurants with no new restaurant openings, remodels or relocations in the period.

With all of our restaurants now closed, until 30th April 2020 at the earliest, and with an uncertain macro-economic outlook, it is near impossible to make forward looking statements on our group's performance. Howard Marks, Co-Chairman of Oaktree Capital in the US, said in his most recent memo to clients, "These days everyone has the same data regarding the present and the same ignorance regarding the future." I think that pretty much sums up the current state of affairs. After our first quarter performance and the continued momentum immediately thereafter, we were confident in our ability to deliver significantly improved results in 2020. We can no longer project this as the closure of our restaurants will have a direct and significant impact on our business for the duration of the closure, and possibly thereafter. Having said that, your board and the management are engaged in various initiatives to manage and mitigate costs in our business, where appropriate. While this is still very much a work in progress, we have already had some successes and we expect that this exercise will serve us well now and into the future.

Our restaurant brands are strong, some of them having a very special place in the hearts and minds of Trinidadians and Tobagonians, a fact that we never take for granted. Financially, our company has maintained a strong balance sheet with adequate cash reserves and

conservative debt levels which we believe positions us well to meet the challenges ahead. Most importantly, our real strength and what best positions us to see out this crisis are our focused, dedicated and hardworking employees. Our shareholders and partners can be confident that we have the very best people within our ranks to take us through this trying period. The next few months will undoubtedly be difficult for our employees, company and country, but we fully expect to come out of this crisis, maybe somewhat bruised, but not broken and ready to ramp up our operations to pre-crisis levels and beyond.

In my 2019 year-end Chairman's Statement, published on 27th February 2020, I announced that the Board approved a final dividend of 20 cents for 2019, to be paid on 18th May 2020, subject to shareholder approval. Given the current circumstances and the uncertain outlook, we believe that prudence dictates that instead, no final dividend be paid for 2019, and this is what your Board is now recommending to shareholders, subject to approval at the next Annual Meeting.



Christian E. Mouttet
Chairman
8 April 2020

CONSOLIDATED INCOME STATEMENT

	Three (3) Months to 29 February 2020	Three (3) Months to 29 February 2020	Three (3) Months to 28 February 2019	Year to 30 November 2019
	% Change	(UNAUDITED)	(UNAUDITED)	(AUDITED)
		\$ '000	\$ '000	\$ '000
Revenue	14%	291,258	256,573	1,112,933
Cost of sales		(195,705)	(171,603)	(738,483)
Gross profit		95,553	84,970	374,450
Other operating expenses		(58,205)	(55,755)	(234,965)
Administrative expenses		(20,410)	(20,002)	(82,659)
Other income		641	462	2,602
Operating profit		17,579	9,675	59,428
Finance costs		(4,978)	(1,282)	(5,069)
Profit before income tax	50%	12,601	8,393	54,359
Income tax expense		(4,372)	(2,739)	(18,539)
Profit for the year		8,229	5,654	35,820
Profit attributable to:				
Owners of the parent company	46%	8,229	5,654	35,820
Basic earnings per share (exclusive of treasury shares)	45%	13.5 cents	9.3 cents	58.7 cents
Diluted earnings per share		13.2 cents	9.1 cents	57.7 cents



Director



Director

Notes:

- 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).
- 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 November 30, 2019, and have been consistently applied to all periods presented, unless otherwise stated.
- The Group has applied IFRS 16 Leases and has not restated prior periods as allowed by the standard. The Group has recognised the present value of the remaining lease payments as lease liabilities (Non Current \$ 235.4M and Current \$44.6M) and the right of use asset at \$277.8M.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three (3) Months to 29 February 2020	Three (3) Months to 28 February 2019	Year to 30 November 2019
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
Profit for the year	8,229	5,654	35,820
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land	-	-	2,450
Currency translation differences	(13)	(7)	(201)
Total comprehensive income for the year	8,216	5,661	38,069
Attributable To:			
Owners of the parent company	8,216	5,661	38,069



CONSOLIDATED BALANCE SHEET

	29 February 2020	28 February 2019	30 November 2019
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
ASSETS			
Property, plant and equipment	325,982	288,098	298,095
Right-of-use assets	277,846	-	-
Other intangible assets	81,696	80,384	81,323
Current assets	169,285	139,015	155,298
Total assets	854,809	507,497	534,716
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Other reserves	26,682	24,453	26,695
Retained earnings	276,671	257,875	268,442
	327,112	306,087	318,896
Treasury shares	(10,938)	(11,284)	(10,938)
Total equity	316,174	294,803	307,958
Non-current liabilities - lease liabilities	235,418	-	-
Other non current liabilities	73,166	48,088	63,560
Current liabilities - lease liabilities	44,640	-	-
Other current liabilities	185,411	164,606	163,198
Total liabilities	538,635	212,694	226,758
Total equity and liabilities	854,809	507,497	534,716

CONSOLIDATED CASHFLOW STATEMENT

	29 February 2020	28 February 2019	30 November 2019
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
Cash flow from operating activities			
Cash generated from operations	68,763	17,234	123,712
Interest paid	(4,978)	(1,282)	(5,069)
Income tax paid	(4,135)	(28)	(14,820)
Net cash generated from operating activities	59,650	15,924	103,823
Net cash used in investing activities	(40,608)	(20,255)	(67,350)
Net cash (used in) from financing activities	(827)	1,301	(22,564)
Net increase/(decrease) in cash and cash equivalents	18,215	(3,030)	13,909
Cash and cash equivalents at the beginning of the year	64,290	50,381	50,381
Cash and cash equivalents at the end of the period	82,505	47,351	64,290

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Reserves	Retained Earnings	Total	Treasury Shares	Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Balance at 1 December 2018	23,759	24,446	252,221	300,426	(11,284)	289,142
Comprehensive income						
Profit for the year	--	--	35,820	35,820	--	35,820
Other comprehensive income/(loss)						
Revaluation surplus	--	2,450	--	2,450	--	2,450
Currency translation differences	--	(201)	--	(201)	--	(201)
Total comprehensive income for the year	--	2,249	35,820	38,069	--	38,069
Transactions with owners						
Transfer of treasury shares	--	--	--	--	346	346
Net dividends for 2018	--	--	--	--	--	--
-Paid 20 cents per share	--	--	(12,247)	(12,247)	--	(12,247)
Net dividends for 2019	--	--	--	--	--	--
-Paid 12 cents per share	--	--	(7,352)	(7,352)	--	(7,352)
Total transactions with owners	--	--	(19,599)	(19,599)	346	(19,253)
Balance at 30 November 2019	23,759	26,695	268,442	318,896	(10,938)	307,958
Balance at 1 December 2019	23,759	26,695	268,442	318,896	(10,938)	307,958
Comprehensive income						
Profit for the period	--	--	8,229	8,229	--	8,229
Other comprehensive loss						
Currency translation differences	--	(13)	--	(13)	--	(13)
Total comprehensive (loss)/income for the period	--	(13)	8,229	8,216	--	8,216
Balance at 29 February 2020	23,759	26,682	276,671	327,112	(10,938)	316,174