



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2023



Building a better future

CONDENSED CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2023	2022	2023	2022	2022
Revenue	594,564	533,887	1,149,254	1,063,273	2,061,227
Cost of sales	(360,367)	(361,601)	(811,758)	(705,023)	(1,379,886)
Gross profit	234,197	172,286	337,496	358,250	681,341
Administrative expenses	(37,542)	(32,619)	(70,715)	(64,326)	(128,024)
Selling expenses	(5,334)	(3,826)	(10,492)	(7,864)	(15,943)
Distribution and logistics expenses	(37,617)	(37,383)	(72,015)	(76,717)	(151,014)
Operating earnings before other expenses and other income and credits	153,704	98,458	184,274	209,343	386,360
Other expenses	(6,841)	(15,683)	(25,690)	(29,234)	(189,600)
Other income and credits	2,458	116	2,908	319	16,017
Operating earnings	149,321	82,891	161,492	180,428	212,777
Financial expense	(11,420)	(7,840)	(29,344)	(19,210)	(44,238)
Financial income	1,280	75	1,612	91	1,278
Earnings before taxation	139,181	75,126	133,760	161,309	169,817
Taxation charge	(34,270)	(20,793)	(30,536)	(48,959)	(112,012)
NET INCOME	104,911	54,333	103,224	112,350	57,805
Non-controlling interest	(24,356)	(17,998)	(27,723)	(36,972)	(71,969)
CONTROLLING INTEREST	80,555	36,335	75,501	75,378	(14,164)
Basic and diluted earnings (loss) per share - cents (Note 3):	21.7	9.8	20.3	20.3	(3.8)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2023	2022	2023	2022	2022
NET INCOME	104,911	54,333	103,224	112,350	57,805
Items that will not be reclassified subsequently to the income statement					
Change in fair value of equity investments at fair value through other comprehensive income	2,269	-	2,269	-	-
Net actuarial losses from remeasurements of employee benefit plans	-	-	-	-	(84,235)
Taxation recognised directly in other comprehensive income	-	-	-	-	20,896
	2,269	-	2,269	-	(63,339)
Items that are or may be reclassified subsequently to the income statement					
Effects from derivative financial instruments designated as cash flow hedges	1,109	(1,700)	(2,273)	626	(2,281)
Currency translation results of foreign subsidiaries	(36,102)	13,504	(14,645)	12,154	11,889
	(34,993)	11,804	(16,918)	12,780	9,608
Total items of other comprehensive (loss) income, net	(32,724)	11,804	(14,649)	12,780	(53,731)
TOTAL COMPREHENSIVE INCOME	72,187	66,137	88,575	125,130	4,074
Non-controlling interest	18,819	20,608	23,127	41,131	72,266
Controlling interest	53,368	45,529	65,448	83,999	(68,192)
TOTAL COMPREHENSIVE INCOME	72,187	66,137	88,575	125,130	4,074

DIRECTORS' STATEMENT

Health and Safety
The TCL Group remains committed to placing the highest priority on the health, safety and wellness of our employees, contractors, visitors, and communities.

Through our pillars focussed on safety awareness, training, culture, enforcement, and monitoring, we continue to take steps to reduce risks, provide tools and resources to support our teams, and ensure a safe environment for all stakeholders.

We are pleased to report that during the first six months of the year, there were no safety incidents recorded across our group-wide operations. Notwithstanding, we continue to work relentlessly on further strengthening our health and safety management system.

Financial Performance

The TCL Group recorded consolidated revenue from continuing operations of \$595 million during the second quarter of 2023, an increase of 11% when compared to the second quarter of 2022. The Group's adjusted EBITDA of \$186 million in the second quarter reflected an increase of 39% compared to the same period of the previous year. This result reflects the impact of higher sales volumes across the Group. In the second quarter of 2023, the TCL Group reported a net income of \$105 million compared to \$54 million during the same period in 2022. This increase of 93% was driven by increased cement volumes in Trinidad and Tobago and Guyana the positive impact of price increases implemented to contain cost inflation and improved operating results in Barbados under the new operating model.

The TCL Group's Q2 net income of \$105 million represents a significant improvement in comparison to the loss of \$2 million during the first quarter of 2023, mainly because the first quarter's performance was affected by lower cement volumes and a higher cost of sales related to planned major maintenance in Jamaica.

On a year-to-date basis, the Group recorded consolidated revenue from continuing operations of \$1.1 billion, 8% higher than 2022. The Group's adjusted EBITDA on a year-to-date basis for 2023 was \$245 million, an 11% decrease compared to the prior year due to lower operating results in Jamaica. Cement sales volumes increased by 4% and 5% in Trinidad and Tobago and Jamaica, respectively, and the volume of exported cement increased by 5% when compared to the first quarter.

On a year-to-date basis, the Group reported a net income of \$103 million, a decrease of 8% when compared to the same period in 2022. However, the quarterly performance represented a significant improvement over the last quarter. All this has been driven by our enhanced performance strategies in the second quarter of 2023,

supported by lower maintenance costs and higher cement revenue.

During the second quarter of 2023, the TCL Group generated net cash of \$39 million from operating activities. This was driven by improved operating results when compared to 2022. On a year-to-date basis, the TCL Group generated \$53 million from operating activities due to improved working capital management.

Sustainability

Sustainability is a strategic priority for us at the TCL Group. We continue to embrace climate action as our responsibility with an aggressive programme which features sustainable products and solutions, decarbonising our operations, circular economy, water diversity, promoting a green economy, and innovation and partnerships. During the quarter, our operations in Trinidad & Tobago and Jamaica partnered with their respective governments, local agencies, and other companies involved in sustainable development, to successfully execute beach cleanup campaigns, amassing several hundred kilograms of co-processed and recyclable waste.

We continue to reduce carbon emissions using waste oils in Jamaica, more efficient heat consumption in both Trinidad & Tobago and Jamaica, and through the production of low-carbon products. Notably, during the second quarter, low-carbon cement brand, ECO Cement, accounted for 52% of its total export volume to key CARICOM markets.

We are fully committed to following our sustainability roadmap towards the achievement of our targets, knowing that every decision and action which we take is an opportunity to make a positive impact on the people around us and are stepping stones to a sustainable, greener world.

Outlook

Despite inflation, our markets continue to show strong cement volumes, in particular Guyana with an increase of 30% in cement volumes between June 2022 and June 2023. We continue to execute relevant initiatives to increase the value offering to our customers, which includes the upcoming introduction of our service centres, the deployment of Construrama with seven stores already opened since its launch in September 2022 and four others in line and an increase in our paperless initiatives by migrating our customers to electronic invoicing and dispatch ticketing.

While inspired by the resilience of our markets, the Board and Management remain attentive to the looming threat of economic and social issues outside of their control and continue to consider risk buffering and avoidance among other core strategies.

Overall, we are encouraged by the potential for a satisfactory performance in 2023.

David G. Inglefield
Chairman
July 28, 2023

Francisco Aguilera Mendoza
Managing Director
July 28, 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	30.06.23		30.06.22		31.12.22
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	94,555	83,866			87,004
Trade accounts receivable, net	47,579	69,628			49,248
Other accounts receivable	175,047	84,952			73,998
Taxation recoverable	17,901	2,051			2,201
Inventories, net	379,484	365,750			417,358
Total current assets	714,566	606,247			629,809
NON-CURRENT ASSETS					
Investments	2,270	1			1
Property, machinery and equipment, net	1,540,748	1,634,515			1,591,163
Deferred taxation assets	97,074	127,102			102,479
Employee benefits	33,314	134,650			33,847
Other accounts receivable	-	155			-
Total non-current assets	1,673,406	1,896,423			1,727,490
TOTAL ASSETS	2,387,972	2,502,670			2,357,299
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Other financial obligations	9,015	6,692			7,501
Trade payables	254,295	273,400			278,518
Taxation payable	15,533	15,957			33,205
Provisions	28,516	27,523			57,991
Other current liabilities	239,393	232,765			261,412
Total current liabilities	546,752	556,337			638,627
NON-CURRENT LIABILITIES					
Long-term debt	480,896	489,716			437,130
Other financial obligations	14,007	16,207			15,325
Employee benefits	184,920	200,722			180,390
Deferred taxation liabilities	204,195	220,784			204,925
Provisions	4,099	1,583			5,809
Total non-current liabilities	888,117	929,012			843,579
TOTAL LIABILITIES	1,434,869	1,485,349			1,482,206
SHAREHOLDERS' EQUITY					
Controlling interest:					
Stated capital	827,732	827,732			827,732
Unallocated ESOP shares	(20,019)	(20,019)			(20,019)
Other equity reserves	(323,118)	(316,606)			(313,888)
Retained earnings	207,713	283,984			219,608
Net income (loss)	75,501	75,378			(14,164)
Total controlling interest	767,809	850,469			699,269
Non-controlling interest	185,294	166,852			175,824
TOTAL SHAREHOLDERS' EQUITY	953,103	1,017,321			875,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,387,972	2,502,670			2,357,299

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2023	2022	2023	2022	2022
OPERATING ACTIVITIES					
Net income	104,911	54,333	103,224	112,350	57,805
Non-cash items:					
Depreciation and amortisation of property, machinery and equipment	32,350	35,105	60,495	65,795	135,492
Financial expense, net	10,140	7,765	27,732	19,119	42,960
Pension plan and other post-retirement benefit	4,186	4,148	8,373	8,292	12,832
Other items, net	-	527	-	527	-
Write-off of property, machinery and equipment	-	-	-	-	57,015
Restructuring cost	-	-	-	-	77,324
Taxation charge	34,270	20,793	30,536	48,959	112,012
Changes in working capital, excluding taxation	(115,626)	(107,344)	(99,181)	(202,987)	(226,397)
Cash generated from operating activities before financial expense, taxation and post-employment benefits paid	70,231	15,327	131,179	52,055	269,043
Financial expense paid	(11,774)	(8,749)	(17,244)	(11,142)	(29,188)
Taxation paid	(16,796)	(14,438)	(54,830)	(41,461)	(71,086)
Pension plan contributions and other post-retirement benefit paid	(2,686)	(3,608)	(6,549)	(7,170)	(15,256)
Net cash flows from (used in) operating activities	38,975	(11,468)	52,556	(7,718)	153,513
INVESTING ACTIVITIES					
Purchase of property, machinery and equipment	(23,599)	(24,920)	(37,160)	(35,464)	(112,562)
Net cash flows used in investing activities	(23,599)	(24,920)	(37,160)	(35,464)	(112,562)
FINANCING ACTIVITIES					
Proceeds from debt	37,928	30,148	80,611	69,443	148,656
Repayment of debt	(48,078)	(7,864)	(75,178)	(14,732)	(158,074)
Other financial obligations	(1,535)	(1,829)	(3,850)	(3,517)	(6,911)
Dividends paid	-	-	-	-	(14,671)
Purchase of non-controlling interests in subsidiaries	(10,565)	-	(10,565)	-	-
Financial income received	1,280	75	1,612	91	1,278
Net cash flows (used in) from financing activities	(20,970)	20,530	(7,370)	51,285	(29,722)
(Decrease) increase in cash and cash equivalents	(5,594)	(15,858)	8,026	8,103	11,229
Cash conversion effect, net	(611)	932	(475)	108	120
Cash and cash equivalents at beginning of period	100,760	98,792	87,004	75,655	75,655
CASH AND CASH EQUIVALENTS AT END OF PERIOD	94,555	83,866	94,555	83,866	87,004
Changes in working capital, excluding taxation:					
Trade accounts receivable, net	3,946	2,728	1,431	(7,762)	685
Other accounts receivable	(71,299)	(40,293)	(116,026)	(41,639)	(31,279)
Inventories, net	(44,890)	(44,097)	33,763	(37,855)	(135,555)
Trade payables	(25,541)	(34,902)	(21,645)	(85,395)	(66,475)
Other current and non-current liabilities	22,158	9,220	3,296	(30,336)	6,227
Changes in working capital, excluding taxation	(115,626)	(107,344)	(99,181)	(202,987)	(226,397)



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2023



Building a better future

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

TT \$'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Jun		Jan to Dec	Jan to Jun		Jan to Dec
	2023	2022	2022	2023	2022	2022
Balance at beginning of period	699,269	766,470	766,470	175,824	125,721	125,721
Net income (loss)	75,501	75,378	(14,164)	27,723	36,972	71,969
Total items of other comprehensive (loss) income, net	(10,053)	8,621	(54,028)	(4,596)	4,159	297
Dividends	-	-	-	-	-	(14,671)
Acquisition of non-controlling interest without change of control	3,092	-	991	(13,657)	-	(7,492)
Balance at end of period	767,809	850,469	699,269	185,294	166,852	175,824

SEGMENT INFORMATION

TT \$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2023					
Revenue					
Total	1,199,064	17,777	7,165	-	1,224,006
Inter-segment	(67,496)	(809)	(6,447)	-	(74,752)
Third-party	1,131,568	16,968	718	-	1,149,254
Earnings (loss) before taxation	134,610	(1,261)	411	-	133,760
Depreciation	56,274	4,137	84	-	60,495
Segment assets	3,410,134	124,499	93,899	(1,240,560)	2,387,972
Segment liabilities	2,422,193	47,493	3,822	(1,038,639)	1,434,869
Capital expenditure	35,543	1,617	-	-	37,160
UNAUDITED SIX MONTHS JAN TO JUN 2022					
Revenue					
Total	1,149,055	30,641	17,529	-	1,197,225
Inter-segment	(116,535)	(1,424)	(15,993)	-	(133,952)
Third-party	1,032,520	29,217	1,536	-	1,063,273
Earnings before taxation	158,690	1,724	895	-	161,309
Depreciation	61,467	4,092	236	-	65,795
Segment assets	3,427,428	130,472	70,055	(1,125,285)	2,502,670
Segment liabilities	2,336,150	43,277	10,427	(904,505)	1,485,349
Capital expenditure	34,560	904	-	-	35,464
AUDITED YEAR JAN TO DEC 2022					
Revenue					
Total	2,220,832	54,495	28,292	-	2,303,619
Inter-segment	(206,950)	(3,841)	(31,601)	-	(242,392)
Third-party	2,013,882	50,654	(3,309)	-	2,061,227
Earnings before taxation	159,312	3,560	6,945	-	169,817
Depreciation	126,597	8,462	433	-	135,492
Write-off of property, machinery and equipment	57,015	-	-	-	57,015
Segment assets	3,372,241	125,003	97,559	(1,237,504)	2,357,299
Segment liabilities	2,460,136	46,718	7,933	(1,032,581)	1,482,206
Capital expenditure	112,609	2,684	-	-	115,293

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 income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in shareholders' 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, 2022 audited consolidated financial statements consistently applied from period to period. The TCL Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2023 and which are relevant to the TCL Group's operations.

3. Earnings Per Share

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to 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 374.648 million, the weighted average of 2.845 million shares that were held as unallocated shares by the Employee Share Ownership Plan (ESOP).

4. Cost of Sales, Operating and Other Expenses and Other Income and Credits

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 TCL 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 TCL Group's management. Distribution and logistics expenses refer to expenses of storage at points of sale, as well as freight expenses of finished products between plants and points of sale and freight expenses between points of sale and the customers' facilities.

Other expenses and other income and credits consist primarily of income and expenses not directly related to the TCL Group's main activities, or which are of an unusual and/or non-recurring nature, including royalties, past service cost of pension and post-retirement employee benefits, reversal of impairment losses on property, machinery and equipment, results on disposal of property, machinery and equipment and restructuring costs, among others.

5. Other Accounts Receivable

Other accounts receivable includes a deposit investment account of \$86 million (US\$12.7 million) in CEMEX Innovation Holding Limited, a related company, which generates interest at a rate equal to the Western Asset USD Institutional Liquid Reserves Fund rate plus 30 basis points on a daily basis of a year of 360 days.