



UNILEVER CARIBBEAN LIMITED

Unaudited Financial Statements

for the Third Quarter ended 30 September 2019

Expressed in Trinidad & Tobago Dollars

CHAIRMAN'S REVIEW - Q3 2019

Revenue for Q3-2019 was TT\$78.6m, in line with the same period last year, with Revenue for the 9 months to September 2019 at TT\$216.4m, representing a 7.5% decline versus the first 9 months of 2018.

The Company continued to focus on driving Gross Margin improvements delivering a YTD 2019 performance of 36.0%, an improvement versus 32.5% for 9 months to September 2018. As a result, absolute Gross Profit of TT\$77.9m registered a slight improvement year-on-year despite the Revenue decline.

Selling and Distribution Expenses were in line quarter-on-quarter, but TT\$2.4m lower [-4.1%] than YTD 2018. YTD 2019 Administrative Expenses were TT\$26.8m compared to TT\$17.2m for the prior year, an increase of TT\$9.7m. This increase was due to costs incurred related to the on-going improvement initiatives and Group Shared Services (combined costs of TT\$12.8m) which was partially offset by reductions in other areas.

The net result is a Loss After Tax of TT\$1.6m for the 9 months.

As previously disclosed, the Company has embarked on a comprehensive review of its business model to ensure a sustainable, profitable operation. This review process includes discussions with the recognised majority union in accordance with the provisions of our Collective Bargaining Agreements, which specify that such discussions ought to have been concluded within sixty (60) days. Discussions with the Union were formally initiated on June 26 and were therefore scheduled to conclude on August 24, however, the Company has continued to engage in open dialogue in good faith with the objective and hope of achieving an amicable outcome and a binding agreement on the way forward, in the best interest of all parties.

Nuria Hernández Crespo
Chairman

SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT		AUDITED
	30 SEP 19 \$'000	30 SEP 18 \$'000	31 DEC 18 \$'000
ASSETS			
Non-current assets			
Property, plant and equipment	138,059	131,243	129,511
Retirement benefit asset	56,188	66,315	56,115
Deferred tax asset	8,767	7,255	8,311
	<u>203,014</u>	<u>204,813</u>	<u>193,937</u>
Current Assets			
Inventories	58,978	49,854	40,994
Trade and other receivables	87,851	67,462	69,773
Value added tax recoverable	17,683	16,488	17,663
Due from related companies	126,054	202,305	169,901
Taxation recoverable	9,658	10,147	9,582
Cash at bank and in hand	19,325	60,772	63,593
	<u>319,549</u>	<u>407,028</u>	<u>371,506</u>
Total assets	<u>522,563</u>	<u>611,841</u>	<u>565,443</u>
EQUITY AND LIABILITIES			
EQUITY			
Stated capital	26,244	26,244	26,244
Property revaluation surplus	35,643	35,643	35,643
Retained earnings	250,688	326,492	309,722
Total equity	<u>312,575</u>	<u>388,379</u>	<u>371,609</u>
LIABILITIES			
Non-current liabilities			
Retirement and termination benefit obligation	25,133	24,183	26,666
Lease liabilities	10,199	-	-
Deferred tax liabilities	33,178	34,829	34,676
	<u>68,510</u>	<u>59,012</u>	<u>61,342</u>
Current liabilities			
Trade and other payables	92,466	99,330	80,450
Lease liabilities	3,310	-	-
Provisions for other liabilities	5,023	10,769	26,793
Due to parent and related companies	40,679	54,351	25,249
	<u>141,478</u>	<u>164,450</u>	<u>132,492</u>
Total liabilities	<u>209,988</u>	<u>223,462</u>	<u>193,834</u>
Total equity and liabilities	<u>522,563</u>	<u>611,841</u>	<u>565,443</u>

John De Silva, Managing Director

Nicholas Gomez, 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, 2018, and have been consistently applied to all periods presented, unless otherwise stated.
- Initial application of IFRS 16 leases. UCL has applied IFRS 16 and has not restated prior periods as allowed by the standard. The company has recognised the present value of the remaining lease payments as lease liabilities (Non Current \$10.2M and Current \$3.3M) and the right of use asset at \$12.8M.
- The Restatement of Q3 2018 has been restated to exclude the impact of the Spreads Business and therefore reflects only the Continuing Operations as a basis for suitable comparison.

SUMMARY STATEMENT OF (LOSS)/PROFIT AND OTHER COMPREHENSIVE INCOME

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 9 MONTHS ENDED		AUDITED 12 MONTHS ENDED
	30 SEP 19 \$'000	Restated 30 SEP 18 \$'000	30 SEP 19 \$'000	Restated 30 SEP 18 \$'000	31 DEC 18 \$'000
Continuing operations					
Revenue	78,590	78,562	216,381	234,009	317,815
Cost of sales	(51,419)	(51,481)	(138,479)	(158,073)	(210,373)
Gross profit	27,171	27,081	77,902	75,936	107,442
Selling and distribution costs	(18,689)	(18,772)	(55,660)	(58,024)	(76,058)
Administrative expenses	(10,111)	(5,571)	(26,821)	(17,167)	(25,559)
Impairment loss					
on trade receivables	(921)	(145)	(639)	(1,976)	(1,291)
Operating profit/(loss)	(2,550)	2,593	(5,218)	(1,231)	4,534
Other income	784	718	2,399	720	1,305
Finance income/(costs)- net	(1,559)	892	534	934	2,008
Profit/(loss) before taxation	(3,325)	4,203	(2,285)	423	7,847
Income tax expense	1,315	(1,322)	656	(114)	(1,940)
Profit/(loss) after taxation	(2,010)	2,881	(1,629)	309	6,357
Discontinued operations					
Profit from discontinued operations net of tax	-	164,329	-	173,244	162,167
Profit/(loss) for the period	(2,010)	167,210	(1,629)	173,553	168,524
Other comprehensive income					
Re-measurements of defined benefit asset/ liability	-	-	-	-	(12,664)
Related tax	-	-	-	2,552	3,799
Total comprehensive income/(loss) for the period	(2,010)	167,210	(1,629)	176,105	159,659
Earnings per share-					
- continuing operations	(0.08)	0.11	(0.06)	0.01	0.24
- discontinued operations	0.00	6.26	0.00	6.60	6.18
Total earnings per share	(0.08)	6.37	(0.06)	6.61	6.42

SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 9 MONTHS ENDED		AUDITED 12 MONTHS ENDED
	30 SEP 19 \$'000	Restated 30 SEP 18 \$'000	30 SEP 19 \$'000	Restated 30 SEP 18 \$'000	31 DEC 18 \$'000
Cash flows (used in)/from operating activities					
Profit/(loss) before taxation	(3,325)	4,203	(2,285)	423	7,847
Continued operations	-	164,029	-	177,127	166,293
Discontinued operations	-	-	-	-	-
Adjustment for items not affecting working capital	3,782	(169,472)	13,640	(166,139)	(162,076)
Operating profit/(loss) before working capital changes	457	(1,240)	11,355	11,411	12,064
Net decrease/(increase) in working capital	4,683	(168,149)	13,442	(132,689)	(127,194)
Cash flows from operating activities	5,140	(169,389)	24,797	(121,278)	(115,130)
Taxation & interest paid (net of refunds)	(226)	(1,023)	(1,374)	(3,048)	(4,064)
Net cash generated (used in)/from operating activities	4,914	(170,412)	23,423	(124,326)	(119,194)
Cash flows from/(used in) investing activities					
Purchase of plant and equipment	(255)	(1,359)	(1,929)	(4,312)	(6,623)
Proceeds from sale of Spreads	-	192,857	-	192,857	192,857
Net cash generated from/(used in) investing activities	(255)	191,498	(1,929)	188,545	186,234
Cash flows used in financing activities					
Dividends paid	-	(2,099)	(56,949)	(35,167)	(35,167)
Payment of lease liabilities	(2,938)	-	(8,813)	-	-
Net cash flows used in financing activities	(2,938)	(2,099)	(65,762)	(35,167)	(35,167)
Increase/(decrease) in cash and cash equivalents	1,721	18,987	(44,268)	29,052	31,873
Cash and cash equivalents at beginning of period	17,604	41,785	63,593	31,720	31,720
Cash and cash equivalents at the end of period	19,325	60,772	19,325	60,772	63,593
Represented by:					
Cash at bank and in hand	19,325	60,772	19,325	60,772	63,593

SUMMARY STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Property Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance as at 1 January, 2019	26,244	35,643	309,722	371,609
Adjustment on initial application of IFRS 16	-	-	(456)	(456)
Total comprehensive income for the period	-	-	(1,629)	(1,629)
Dividends paid	-	-	(56,949)	(56,949)
Balance as at 30 Sept, 2019	26,244	35,643	250,688	312,575
Balance as at 1 January, 2018	26,244	35,643	172,433	234,320
Adjustment on initial application of IFRS 9	-	-	(326)	(326)
Total comprehensive income for the period	-	-	159,659	159,659
Dividends paid	-	-	(22,044)	(22,044)
Balance as at 31 December, 2018	26,244	35,643	309,722	371,609