



TRINIDAD CEMENT LIMITED

CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE SIX MONTHS ENDED JUNE 30, 2020



CONDENSED CONSOLIDATED INCOME STATEMENT

TT \$'000	UNAUDITED		UNAUDITED		AUDITED
	Three Months		Six Months		Year
	Apr to Jun		Jan to Jun		Jan to Dec
	2020	2019	2020	2019	2019
Revenue	360,996	440,751	775,551	867,272	1,670,883
Cost of sales	(241,731)	(301,584)	(537,419)	(585,729)	(1,204,872)
Gross profit	119,265	139,167	238,132	281,543	466,011
Operating expenses	(54,392)	(61,554)	(117,329)	(132,757)	(243,397)
Impairment of trade receivables	148	22	342	(321)	847
Operating earnings before other expenses, net	65,021	77,635	121,145	148,465	223,461
Other expenses, net	(5,985)	(16,224)	(10,741)	(27,822)	(73,702)
Operating earnings	59,036	61,411	110,404	120,643	149,759
Financial expense	(35,067)	(43,084)	(64,052)	(55,865)	(97,204)
Financial income and other items, net	7	24	14	48	666
Earnings before taxation	23,976	18,351	46,366	64,826	53,221
Taxation charge	(23,651)	(17,330)	(35,931)	(31,439)	(38,295)
Net earnings from continuing operations	325	1,021	10,435	33,387	14,926
Net earnings from discontinued operations	-	-	-	-	423
NET INCOME	325	1,021	10,435	33,387	15,349
Non-controlling interest	(6,632)	(4,910)	(13,156)	(20,516)	(25,730)
CONTROLLING INTEREST	(6,307)	(3,889)	(2,721)	12,871	(10,381)
Basic and diluted (loss) earnings per share - cents (Note 3):	(1.7)	(1.0)	(0.7)	3.5	(2.8)

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
	2020	2019	2020	2019	2019
NET INCOME	325	1,021	10,435	33,387	15,349
Items that will not be reclassified subsequently to the income statement					
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 income statement					
Effects from derivative financial instruments designated as cash flow hedges	495	-	(92)	-	(697)
Currency translation results of foreign subsidiaries	(15,945)	(12,841)	(27,657)	(17,780)	(16,774)
	(15,450)	(12,841)	(27,749)	(17,780)	(17,471)
Total items of other comprehensive income, net	(15,450)	(12,841)	(27,749)	(17,780)	19,853
TOTAL COMPREHENSIVE (LOSS) INCOME	(15,125)	(11,820)	(17,314)	15,607	35,202
Non-controlling interest	(2,467)	(424)	(5,385)	(16,541)	(52,574)
CONTROLLING INTEREST	(17,592)	(12,244)	(22,699)	(934)	(17,372)
Out of which:					
COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	-	-	-	-	423
COMPREHENSIVE LOSS FROM CONTINUING OPERATIONS	(17,592)	(12,244)	(22,699)	(934)	(17,795)

DIRECTORS' STATEMENT

The TCL Group set three main priorities in response to the unprecedented COVID-19 pandemic conditions: 1) ensuring the safety of our employees, their families and our communities; 2) serving our customers while implementing stringent safety protocols and 3) protecting the future of our group of companies. We are happy to report that during the second quarter (Q2) of 2020 we have made important progress with all 3 goals.

During the quarter, the TCL Group has adopted 52 protocols developed by CEMEX and designed for our industry, to allow us to operate safely during the COVID-19 pandemic. These included preventative measures for workplace screening and hygiene to be followed by employees, contractors and other plant visitors. We also took action to support our stakeholders, including the communities in which we operate. The TCL Group donated personal protective equipment, thermometers and cleaning products. With the voluntary support of employees and third parties, we repurposed our ready-mix trucks to sanitise several public parks in Trinidad and Jamaica.

In terms of financial performance for Q2 2020, the TCL Group recorded revenue of \$361 million, an 18% decline compared with Q2 2019. Revenue during the period was negatively affected by COVID-19 restrictions imposed by some governments. The TCL Group recorded operating earnings before other expenses of \$65 million in Q2 2020, a decrease of 16% compared with Q2 2019, as a result of the decline in revenues, partially offset by cost reductions implemented to align our business to the new market conditions.

In Q2 2020, financial expenses of \$35 million reflected a 19% decrease compared with Q2 2019, primarily due to the exchange rate movement of the Jamaican Dollar and reduced

USD-denominated debt. The TCL Group earned a net income from operations of \$325 thousand for Q2 2020 compared with \$1 million in Q2 2019. The TCL Group recorded a net income of \$10 million for the first half (H1) of 2020, a 69% reduction from the \$33 million recorded in H1 2019, mainly resulting from the negative impact of the pandemic.

During Q2 2020, the TCL Group generated \$66 million in cash from operations, due to efficient working capital and stringent cash flow management. In keeping with the Group's initiative to reduce debt, a portion of these funds was allocated to repaying debt. Capital expenditure during the quarter has been restricted to unavoidable projects, with other projects deferred for the time being. The TCL Group generated \$124 million in cash from operations during H1 2020 and repaid \$89 million of debt during the same period.

Outlook

The impact of the COVID-19 pandemic on the 2020 results of the TCL Group is uncertain at this time. While we believe we have seen the worst in terms of Government-mandated restrictions, the short-term outlook for the business will depend on the trajectory of the outbreak, the response of Government authorities, as well as the depth of the economic slowdown through the crisis and the timing of the recovery. The arrival of COVID-19 adds to the challenges to our business that existed prior to the start 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. Management and the Board have developed possible scenarios and responses to what may lie ahead and are prepared to execute these plans as we get more clarity in this highly uncertain environment.

David G. Ingfield
Chairman
July 24, 2020

Jose L. Seijo Gonzalez
Managing Director
July 24, 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TT \$'000	UNAUDITED	UNAUDITED	AUDITED
	30.06.2020	30.06.2019	31.12.2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	90,751	72,616	87,453
Trade accounts receivable, net	70,833	93,384	87,940
Other accounts receivable	42,638	55,402	47,284
Taxation receivable	4,560	4,042	5,871
Inventories, net	228,778	274,243	253,103
Total current assets	437,560	499,687	481,651
NON-CURRENT ASSETS			
Investments	5,827	1	1
Property, machinery and equipment, net	1,711,838	1,797,150	1,826,491
Deferred taxation assets	127,429	143,064	251,394
Employee benefits	50,416	10,031	54,793
Total non-current assets	1,895,510	1,950,246	2,132,679
TOTAL ASSETS	2,333,070	2,449,933	2,614,330
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term debt	18,000	18,000	18,000
Other financial obligations	6,297	5,366	6,421
Trade payables	213,525	213,029	247,507
Taxation payable	4,500	3,968	4,526
Other current liabilities	226,788	266,866	256,386
Total current liabilities	469,110	507,229	532,840
NON-CURRENT LIABILITIES			
Long-term debt	771,170	883,249	865,182
Other financial obligations	20,469	11,479	20,524
Employee benefits	178,266	175,620	176,503
Deferred taxation liabilities	201,729	183,370	309,477
Other non-current liabilities	2,610	2,018	2,774
Total non-current liabilities	1,174,244	1,255,736	1,374,460
TOTAL LIABILITIES	1,643,354	1,762,965	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	(311,916)	(262,506)	(291,938)
Retained earnings	131,297	109,987	141,678
Net (loss) income	(2,721)	12,871	(10,381)
Total controlling interest	624,373	668,065	647,072
Non-controlling interest	65,343	18,903	59,958
TOTAL STOCKHOLDERS' EQUITY	689,716	686,968	707,030
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	2,333,070	2,449,933	2,614,330

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
	2020	2019	2020	2019	2019
OPERATING ACTIVITIES					
Net income	325	1,021	10,435	33,387	15,349
Discontinued operations	-	-	-	-	(423)
Net income from continuing operations	325	1,021	10,435	33,387	14,926
Non-cash items:					
Depreciation and amortisation of assets	35,937	36,853	73,020	73,745	143,195
Financial expense, net	35,060	43,060	64,038	55,817	96,538
Pension plan and other post-retirement benefit	6,689	4,135	13,431	15,148	26,298
Other items, net	10,086	(1,871)	(3,712)	(3,239)	2,314
Taxation charge	23,651	17,330	35,931	31,439	38,295
Changes in working capital, excluding taxation	(23,152)	(41,061)	(23,328)	(98,984)	(25,292)
Net cash flow provided by operating activities from continuing operations before financial expense, taxation and post-employment benefits paid	88,596	59,467	169,815	107,313	296,274
Financial expense paid	(13,485)	(20,460)	(24,436)	(31,185)	(66,422)
Taxation paid	(5,701)	(2,533)	(14,000)	(3,943)	(16,707)
Pension plan contributions and other post-retirement benefits paid	(3,899)	(3,968)	(7,291)	(7,185)	(15,814)
Net cash flow provided by operating activities from continuing operations	65,511	32,506	124,088	65,000	197,331
Net cash flows provided by operating activities	65,511	32,506	124,088	65,000	197,331
INVESTING ACTIVITIES					
Property, machinery and equipment, net	(19,324)	(21,062)	(29,762)	(37,862)	(139,742)
Net cash flows used in investing activities	(19,324)	(21,062)	(29,762)	(37,862)	(139,742)
FINANCING ACTIVITIES					
Repayment of debt, net	(35,571)	(2,240)	(88,976)	(28,403)	(51,379)
Other financial obligations, net	(1,378)	(1,668)	(179)	(3,045)	4,289
Net cash flows used in financing activities	(36,949)	(3,908)	(89,155)	(31,448)	(47,090)
Increase (decrease) in cash and cash equivalents from continuing operations	9,238	7,536	5,171	(4,310)	10,499
Cash conversion effect, net	(918)	(892)	(1,873)	(811)	(783)
Cash and cash equivalents at beginning of period	82,431	65,972	87,453	77,737	77,737
CASH AND CASH EQUIVALENTS AT END OF PERIOD	90,751	72,616	90,751	72,616	87,453
Changes in working capital, excluding taxation:					
Trade accounts receivable, net	9,388	(18,480)	17,107	(6,632)	10,660
Other accounts receivable and other assets	(2,500)	15,633	(1,180)	24,008	12,455
Inventories	2,435	(27,949)	24,325	(45,054)	(23,921)
Trade payables	(25,544)	27,120	(33,982)	5,351	21,835
Other current and non-current liabilities	(6,931)	(37,385)	(29,598)	(76,657)	(46,321)
Changes in working capital, excluding taxation	(23,152)	(41,061)	(23,328)	(98,984)	(25,292)



TRINIDAD CEMENT LIMITED

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FOR THE SIX MONTHS ENDED JUNE 30, 2020



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

TT \$'000	CONTROLLING INTEREST			NON-CONTROLLING INTEREST		
	UNAUDITED		AUDITED	UNAUDITED		AUDITED
	Jan to Jun		Jan to Dec	Jan to Jun		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)	(2,721)	12,871	(10,381)	13,156	20,516	25,730
Total other items of comprehensive income, net	(19,978)	(13,805)	(6,991)	(7,771)	(3,975)	26,844
Change in non-controlling interest	-	-	(4,901)	-	-	4,901
Balance at end of period	624,373	668,065	647,072	65,343	18,903	59,958

SEGMENT INFORMATION

TT \$'000	CEMENT	CONCRETE	PACKAGING	CONSOLIDATION ADJUSTMENTS	TOTAL
UNAUDITED SIX MONTHS JAN TO JUN 2020					
Revenue					
Total	845,818	27,448	38,961	-	912,227
Intersegment	(98,019)	(1,579)	(37,078)	-	(136,676)
Third party	747,799	25,869	1,883	-	775,551
Earnings before taxation	42,351	3,541	474	-	46,366
Depreciation	68,231	3,693	1,096	-	73,020
Segment assets	3,031,584	102,240	98,713	(899,467)	2,333,070
Segment liabilities	2,264,304	46,409	30,383	(697,742)	1,643,354
Capital expenditure	28,146	1,608	8	-	29,762
UNAUDITED SIX MONTHS JAN TO JUN 2019					
Revenue					
Total	943,119	38,751	39,424	-	1,021,294
Intersegment	(115,412)	(1,648)	(36,962)	-	(154,022)
Third Party	827,707	37,103	2,462	-	867,272
Earnings (loss) before taxation	73,154	(13,067)	1,158	3,581	64,826
Depreciation	71,884	4,243	1,176	(3,558)	73,745
Segment assets	2,659,858	88,842	80,742	(379,509)	2,449,933
Segment liabilities	2,400,873	70,799	36,066	(744,773)	1,762,965
Capital expenditure	37,523	307	32	-	37,862
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 income statement, 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 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 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.