



Unilever Caribbean Limited

Audited Summary Financial Statements

for the Year ended 31 December 2019

Expressed in Trinidad & Tobago Dollars

CHAIRMAN'S REVIEW

In 2019 the Company completed a review of its business model which would put it on a path to a sustainable and profitable operation. The outcome was a partial restructuring of the business and UCL will now source its Home Care portfolio from global affiliates that are more cost-effective and can supply the portfolio innovation required to drive growth.

Revenue for 2019 was TT\$284.5m, a decline of 10.5% versus prior year (2018:TT\$317.8m), mainly in key categories in both the domestic and overseas territories. Gross Margins, however, improved to 37.0% from 33.8% in 2018. Selling and Distribution and Administrative expenses were held broadly in line with prior year, resulting in an Operating Profit of \$464,000.

In making the required changes to the business model, significant restructuring expenses of TT\$103.7m were incurred, resulting in an Operating Loss After Restructuring of TT\$103.3m and with an overall Loss for the Period of TT\$75.9m. The re-measurement of the defined benefits in relation to the company Pension Plan created a net positive impact of TT\$21.7m, resulting in a Total Comprehensive Loss of TT\$54.3m for the year.

Net Cash generated from Operating Activities amounted to TT\$29.3m for the year (2018: - TT\$121.2m). The following significant outflows took place during the year: Retroactive Compensation (Backpay) of TT\$7.9m and Profit-Sharing of \$15.9m per the Collective Agreement. Note, this is separate and apart from the January 2020 cash payment in relation to the Severance obligations (TT\$28.8m). Dividends paid during the financial year amounted to TT\$56.9m.

Considering the 2019 financial results and the continued uncertainty, which will require maximum liquidity and a strong balance sheet, the Board of Directors has decided that no dividends will be distributed for the year ended 2019.

Covid-19 has already impacted how we do business and we have taken measures to safeguard the health and safety of our employees while continuing to serve our customers. The pandemic has caused further uncertainty in a fragile economic context and the Company has committed to working with its more vulnerable business partners through cashflow support in these challenging times.

Looking ahead, the Company will focus on delivering growth, leveraging the improved profitability of Home Care, increasing consumer communication, driving Beauty and Personal Care through innovation, and a focus on the Health and Beauty Channel and Refreshment through increased trade activation. The low-price segment will also be better served through targeted innovation, more relevant communication and expanded distribution.

We appreciate the continuous support of our customers and shareholders over the past year as well as the dedication demonstrated by our staff during the transformation process. The Company is now better prepared and positioned to face and overcome the challenges of 2020.

Nuria Hernández Crespo
Chairman

SUMMARY STATEMENT OF FINANCIAL POSITION

	AUDITED AS AT	
	31 Dec 2019 \$'000	31 Dec 2018 \$'000
ASSETS		
Non-current assets		
Property, plant and equipment	66,002	129,511
Retirement benefit asset	91,017	56,115
Deferred tax asset	15,678	8,311
	172,697	193,937
Current assets		
Inventories	45,000	40,994
Taxation recoverable	9,703	9,582
Trade and other receivables	95,695	69,773
Value added tax recoverable	12,516	17,663
Due from related companies	103,063	169,901
Cash at bank and in hand	23,705	63,593
	289,682	371,506
Total assets	462,379	565,443

INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Shareholders of Unilever Caribbean Limited

Opinion

The summary financial statements, which comprise the summary statement of financial position as at December 31, 2019, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited financial statements of Unilever Caribbean Limited ("the Company") for the year ended December 31, 2019.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements, in accordance with the basis described in the notes to the summary financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon. The summary financial statements and the audited financial statements do not reflect the effects of events that occurred subsequent to that date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated April 7, 2020. That report also includes the communication of key audit matters. Key audit matters are those matters that in our professional judgement, were of most significance in our audit of the financial statements for the current period.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements in accordance with the basis described in the notes to the summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

Chartered Accountants
April 7, 2020
Port of Spain
Trinidad, West Indies

	AUDITED AS AT	
	31 Dec 2019 \$'000	31 Dec 2018 \$'000
EQUITY AND LIABILITIES		
EQUITY		
Stated capital	26,244	26,244
Property revaluation surplus	35,643	35,643
Retained earnings	198,346	309,722
Total equity	260,233	371,609
LIABILITIES		
Non-current liabilities		
Retirement and termination benefit obligation	10,777	26,666
Lease liabilities	364	-
Deferred tax liabilities	25,917	34,676
	37,058	61,342
Current liabilities		
Trade and other payables	81,006	80,450
Lease liabilities	9,872	-
Provisions for other liabilities	36,205	26,793
Due to parent and related companies	38,005	25,249
	165,088	132,492
Total liabilities	202,146	193,834
Total equity and liabilities	462,379	565,443

John De Silva, Managing Director

Nicholas Gomez, Director

Audited Summary Financial Statements

for the Year ended 31 December 2019 (continued)

Expressed in Trinidad & Tobago Dollars

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	AUDITED 12 MONTHS ENDED	
	31 Dec 2019 \$'000	31 Dec 2018 \$'000
Continuing operations		
Revenue	284,548	317,815
Cost of sales	(179,194)	(210,373)
Gross profit	105,354	107,442
Selling and distribution costs	(76,227)	(76,058)
Administrative expenses	(26,809)	(25,559)
Impairment loss on trade receivables	(1,235)	(1,291)
Loss on disposal of plant and equipment	(619)	-
Operating profit	464	4,534
Restructuring cost	(103,744)	-
Operating (loss)/profit after restructuring	(103,280)	4,534
Finance income - net	419	2,008
Other income	3,796	1,305
(Loss)/profit before taxation	(99,065)	7,847
Tax credit/(expense)	23,548	(1,490)
(Loss)/profit from continuing operations	(75,517)	6,357
Discontinued operations		
(Loss)/profit from discontinued operations, net of tax	(418)	162,167
(Loss)/profit for the period	(75,935)	168,524
Other comprehensive income		
Re-measurements of defined benefit asset/liability	30,970	(12,664)
Related tax	(9,291)	3,799
Total comprehensive (loss)/income for the period	(54,256)	159,659
(Loss)/earnings per share - continuing operations	(2.88)	0.24
(Loss)/earnings per share - discontinued operations	(0.01)	6.18
Total (loss)/earnings per share	(2.89)	6.42

SUMMARY STATEMENT OF CASH FLOWS

	AUDITED 12 MONTHS ENDED	
	31 Dec 2019 \$'000	31 Dec 2018 \$'000
CASH FLOWS (USED IN)/GENERATED FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation		
Continued operations	(99,065)	7,847
Discontinued operations	(557)	166,293
Adjustment for items not affecting working capital	79,681	(164,084)
Operating (loss)/profit before working capital changes	(19,941)	10,056
Net decrease/(increase) in working capital	52,016	(127,194)
Cash flows generated from/(used in) operating activities	32,075	(117,138)
Taxation & interest paid (net of refunds)	(2,784)	(4,064)
Net cash generated from/(used in) operating activities	29,291	(121,202)
Cash flows (used in)/generated from investing activities		
Interest received	1,409	2,008
Purchase of plant and equipment	(2,134)	(6,623)
Proceeds from sale of Spreads	-	192,857
Net cash (used in)/generated from investing activities	(725)	188,242
Cash flows used in financing activities		
Dividends paid	(56,949)	(35,167)
Payment of lease liabilities	(11,505)	-
Net cash flows used in financing activities	(68,454)	(35,167)
(Decrease)/increase in cash and cash equivalents	(39,888)	31,873
Cash and cash equivalents at beginning of period	63,593	31,720
Cash and cash equivalents at the end of period	23,705	63,593
Represented by:		
Cash at bank and in hand	23,705	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			(171)	(171)
Adjusted balance at January 1, 2019	26,244	35,643	309,551	371,438
Total comprehensive loss for the period	-	-	(54,256)	(54,256)
Dividends paid	-	-	(56,949)	(56,949)
Balance as at 31 December, 2019	26,244	35,643	198,346	260,233
Balance as at 1 January, 2018	26,244	35,643	172,433	234,320
Adjustment on initial application of IFRS 9			(326)	(326)
Adjusted balance at January 1, 2018	26,244	35,643	172,107	233,994
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

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

- 1. 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).
- 2. 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, 2019, and have been consistently applied to all periods presented, unless otherwise stated.
- 3. 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 \$0.4M and Current \$9.9M) and the right of use asset at \$9.6M.