

PRESTIGE HOLDINGS LTD.

A Restaurant Management Company

PRESTIGE HOLDINGS LIMITED CHAIRMAN'S REPORT TO SHAREHOLDERS

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE


After a strong First Quarter performance, our Second Quarter results highlight the harsh reality of the national shutdown caused by the Covid-19 virus. During that quarter, which consisted of 92 days, all of our restaurants were closed for 34 days, and open only for carry-out and delivery for 42 days. For the Half Year 2020, revenue decreased by 20% to \$428 million and the group incurred a pre-tax loss of \$7.1 million and an after-tax loss of \$8 million, after taking into account the impact of the IFRS 16 leases standard. Without this accounting adjustment, the pre-tax loss for the first six months of 2020 would have been \$2.8 million. At the end of the Half Year we had 129 restaurants with no new restaurant openings, remodels or relocations in the period.

After the complete closure of our restaurants on April 7, we reopened for business on May 11 with restricted hours of operation and for take-out and delivery only, adding the dining channel with expanded hours on June 15, as regulations permitted. Since this phased reopening, the sales trends in most of our brands have been encouraging, with significant improvements being experienced in our delivery, drive-thru and curbside channels. We expect these channels to continue to expand, driven by significant focus and investment in these areas, which will improve the way customers enjoy our brands.

The Covid-19 crisis has fundamentally impacted the business environment of Trinidad and Tobago. Our group has a strong balance sheet, a stable of international brands that are well positioned in the local market and a team of dedicated and experienced employees. These factors enable us to embrace this changed environment optimistically and we will take the opportunity over the next six months to structure and position our business to thrive in the months and years ahead.

As mentioned in my first quarter report, it is very difficult to make any forward looking statements on our fiscal 2020 performance due to the economic impact of the Covid-19 virus.

However, barring the re-imposition of restrictions on restaurant operations or any other unforeseen circumstances, we expect an improved performance in the Second Half of 2020 when compared to the first six months.



Christian E. Mouttet
Chairman
30 June 2020

CONSOLIDATED INCOME STATEMENT

	Six (6) Months to 31 May 2020	Six (6) Months to 31 May 2020	Six (6) Months to 31 May 2019	Three (3) Months to 31 May 2020	Three (3) Months to 31 May 2019	Year to 30 November 2019
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
% Change	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	-20%	428,292	537,650	137,034	281,077	1,112,933
Cost of sales		(294,168)	(356,364)	(98,463)	(184,761)	(738,483)
Gross profit		134,124	181,286	38,571	96,316	374,450
Other operating expenses		(97,207)	(114,490)	(39,002)	(58,735)	(234,965)
Administrative expenses		(35,469)	(41,738)	(15,059)	(21,736)	(82,659)
Other income		1,350	1,539	709	1,077	2,602
Operating profit		2,798	26,597	(14,781)	16,922	59,428
Finance costs		(9,883)	(2,482)	(4,905)	(1,200)	(5,069)
(Loss)/Profit before income tax	-129%	(7,085)	24,115	(19,686)	15,722	54,359
Income tax expense		(913)	(8,117)	3,459	(5,378)	(18,539)
(Loss)/Profit for the year		(7,998)	15,998	(16,227)	10,344	35,820
(Loss)/Profit attributable to: Owners of the Parent Company	-150%	(7,998)	15,998	(16,227)	10,344	35,820
Basic earnings per share (exclusive of treasury shares)	-150%	(13.1) cents	26.2 cents	(26.6) cents	16.9 cents	58.7 cents
Diluted earnings per share		(12.9) cents	25.7 cents	(26.1) cents	16.6 cents	57.7 cents



Director



Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six (6) Months to 31 May 2020	Six (6) Months to 31 May 2019	Year to 30 November 2019
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
(Loss)/Profit for the year	(7,998)	15,998	35,820
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss			
Gain on revaluation of land	-	-	2,450
Currency translation differences	(45)	1	(201)
Total comprehensive (loss)/income for the year	(8,043)	15,999	38,069
Attributable to: Owners of the Parent Company	(8,043)	15,999	38,069

Notes:

1. 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).

2. 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.

3. 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 \$222.8M and Current \$45.6M) and the right-of-use asset at \$264.1M.



CONSOLIDATED BALANCE SHEET

	31 May 2020 (UNAUDITED)	31 May 2019 (UNAUDITED)	30 November 2019 (AUDITED)
	\$ '000	\$ '000	\$ '000
ASSETS			
Property, plant and equipment	315,916	289,898	298,095
Right-of-use assets	264,118	-	-
Other intangible assets	81,536	81,376	81,323
Current assets	125,535	150,253	155,298
Total assets	787,105	521,527	534,716
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Other reserves	26,650	24,447	26,695
Retained earnings	260,444	255,972	268,442
	310,853	304,178	318,896
Treasury shares	(11,340)	(11,284)	(10,938)
Total equity	299,513	292,894	307,958
Non current liabilities – lease liabilities	222,796	-	-
Other non current liabilities	64,993	71,721	63,560
Current liabilities – lease liabilities	45,587	-	-
Other current liabilities	154,216	156,912	163,198
Total liabilities	487,592	228,633	226,758
Total equity and liabilities	787,105	521,527	534,716

CONSOLIDATED CASH FLOW STATEMENT

	31 May 2020 (UNAUDITED)	31 May 2019 (UNAUDITED)	30 November 2019 (AUDITED)
	\$ '000	\$ '000	\$ '000
Cash flow from operating activities			
Cash generated from operations	25,859	51,600	123,712
Interest paid	(9,883)	(2,482)	(5,069)
Income tax paid	(8,854)	(4,047)	(14,820)
Net cash generated from operating activities	7,122	45,071	103,823
Net cash used in investing activities	(42,907)	(35,244)	(67,350)
Net cash from/(used in) financing activities	9,964	7,755	(22,564)
Net (decrease)/increase in cash and cash equivalents	(25,821)	17,582	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	38,469	67,963	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	--	--	(12,247)	(12,247)	--	(12,247)
– Paid 20 cents per share	--	--	(7,352)	(7,352)	--	(7,352)
Net dividends for 2019	--	--	(7,352)	(7,352)	--	(7,352)
– 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 loss						
Loss for the period	--	--	(7,998)	(7,998)	--	(7,998)
Other comprehensive loss						
Currency translation differences	--	(45)	--	(45)	--	(45)
Total comprehensive loss for the period	--	(45)	(7,998)	(8,043)	--	(8,043)
Transactions with owners						
Purchase of shares	--	--	--	--	(402)	(402)
Total transactions with owners	--	--	--	--	(402)	(402)
Balance at 31 May 2020	23,759	26,650	260,444	310,853	(11,340)	299,513