

AUDITED SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



CHAIRMAN'S REVIEW

West Indian Tobacco has recorded Profit Before Taxation of \$588.1 million, for the year ended 31st December 2020, representing a decline of \$19.7 million or 3.2% over the corresponding period. Profit for the period is \$410 million reflecting a decline of \$8.2 million or 2% over 2019.

These results reflect the impact of COVID-19 on the business amidst a weak economic environment coupled with increase in Excise tax in 2020. Competition from the growing list of suspected illicit trade and low-price offerings continue to engage the industry, as a matter of concern.

Despite the restrictive measures of COVID-19 and the closure of the Factory for five weeks, the Company was fast and agile in adapting to the new way of work. Our Route to Market processes were amended to reflect the new realities ensuring that our products were available to all our Customers on time and in full.

Additionally, cost saving opportunities were realized by simplifying key business processes all the while ensuring that 100% of our employees were retained. We continue to ensure that our Brand portfolio remains relevant and dynamic targeting consumers in all segments of the market recognizing the changing purchasing patterns of the consumer.

Notwithstanding the challenging economic environment, we are confident in our resilience to weather this storm as we go forward. The Company continues to comply with all regulations and fully supports the efforts of the Government of Trinidad and Tobago to manage and reduce the impact of this pandemic.

Directors have recommended a final dividend of \$0.76 per ordinary share and this, once approved by shareholders and added to the \$0.78 in dividends per ordinary share already paid in 2020, will provide for an overall dividend payment of \$1.54 per ordinary share. Based on the current share price, this maintains a dividend yield of 4.4%.

This dividend will be paid on 28 May 2021 to shareholders of record at close of business on 11 May 2021. The Register of Shareholders will be closed on 11 and 12 May 2021 for the processing of transfers.

Anthony E Phillip
Chairman
15 March 2021

SUMMARY STATEMENT OF FINANCIAL POSITION

	AUDITED 31.12.20 TT\$'000	AUDITED 31.12.19 TT\$'000
ASSETS		
Non-current assets		
Property, plant and equipment	249,763	248,485
Deferred income tax asset	8,488	13,294
	<u>258,251</u>	<u>261,779</u>
Current assets		
Inventories	46,916	36,627
Trade and other receivables	50,818	79,893
Taxation recoverable	4,917	5,071
Cash and cash equivalents	447,921	300,018
	<u>550,572</u>	<u>421,609</u>
Total assets	<u>808,823</u>	<u>683,388</u>
EQUITY		
Share capital	42,120	42,120
Revaluation surplus	59,886	60,836
Retained earnings	475,456	348,298
Total equity	<u>577,462</u>	<u>451,254</u>
LIABILITIES		
Non-current liabilities		
Deferred income tax liability	39,568	40,281
Retirement benefit obligation	18,902	37,161
Post-employment medical benefit obligation	5,232	3,652
Lease Liabilities	858	2,953
	<u>64,560</u>	<u>84,047</u>
Current liabilities		
Trade and other payables	117,406	99,348
Due to parent company	7,348	7,345
Dividends payable	40,648	38,816
Taxation payable	778	1,953
Lease Liabilities	621	625
	<u>166,801</u>	<u>148,087</u>
Total liabilities	<u>231,361</u>	<u>232,134</u>
Total equity and liabilities	<u>808,823</u>	<u>683,388</u>

Anthony E Phillip
Chairman

Laurent Meffre
Managing Director

SUMMARY STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 31.12.20 TT\$'000	UNAUDITED Three Months Ended 31.12.19 TT\$'000	AUDITED Year Ended 31.12.20 TT\$'000	AUDITED Year Ended 31.12.19 TT\$'000
Revenue	240,617	232,810	899,917	935,365
Cost of sales	(56,601)	(49,414)	(211,020)	(206,990)
Gross profit	184,016	183,396	688,897	728,375
Distribution costs	(3,948)	(3,682)	(10,905)	(14,354)
Administrative expenses	(22,352)	(22,443)	(75,537)	(83,072)
Other operating expenses	(1,964)	(3,115)	(15,241)	(25,627)
Operating profit	155,752	154,156	587,214	605,322
Finance income	69	609	1,210	2,961
Finance Costs	(83)	(130)	(348)	(521)
Profit before taxation	155,738	154,635	588,076	607,762
Taxation	(47,380)	(51,610)	(178,055)	(189,526)
Profit for the period	108,358	103,025	410,021	418,236
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurement of retirement and post-employment benefit obligations - net of tax	9,145	8,542	9,552	8,537
Other comprehensive income - net of tax	9,145	8,542	9,552	8,537
Total comprehensive income for the year	117,503	111,567	419,573	426,773

Basic and diluted earnings per ordinary share \$0.43 \$0.41 \$1.62 \$1.65

SUMMARY STATEMENT OF CASH FLOWS

	AUDITED Year Ended 31.12.20 TT\$'000	AUDITED Year Ended 31.12.19 TT\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	588,076	607,762
Adjustments for:		
Depreciation	11,751	11,385
Loss on disposal of property, plant and equipment	223	353
Net decrease in retirement and other post employment benefit obligations excluding actuarial losses	(3,033)	(2,517)
Interest income	(1,210)	(2,961)
Interest Expense	348	521
Operating profit before working capital changes	596,155	614,543
Changes in working capital:		
(Increase)/Decrease in inventories	(10,289)	12,080
Decrease/(Increase) in trade and other receivables	29,075	(5,424)
Increase/(Decrease) in trade and other payables	18,058	(8,645)
Increase in due to parent company	3	3,592
Cash generated from operating activities	633,002	616,146
Tax refund received	-	1,905
Interest paid	(348)	(521)
Taxation paid	(179,076)	(195,879)
Net cash from operating activities	453,578	421,651
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,252)	(16,340)
Interest received	1,210	2,961
Net cash used in investing activities	(12,042)	(13,379)
CASH FLOWS USED IN FINANCING ACTIVITIES		
Dividends paid	(291,534)	(391,071)
Lease Payments	(2,099)	(2,053)
Net Cash Used In Financing Activities	(293,633)	(393,124)
Net Increase in Cash & Cash Equivalents	147,903	15,148
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	300,018	284,870
CASH AND CASH EQUIVALENTS AT END OF YEAR	447,921	300,018

Represented by:

Cash at bank and in hand	447,921	300,018
	447,921	300,018

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FOR THE YEAR ENDED 31 DECEMBER 2020



SUMMARY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
Audited Year Ended 31 December 2020				
Balance at 1 January 2020	42,120	60,836	348,298	451,254
Comprehensive income				
Profit for the year	-	-	410,021	410,021
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations -net of tax	-	-	9,552	9,552
Depreciation transfer on buildings - net of tax	-	(950)	950	-
Transactions with owners				
Dividends	-	-	(293,365)	(293,365)
Balance at 31 December 2020	42,120	59,886	475,456	577,462
Audited Year ended 31 December 2019				
Balance at 1 January 2019	42,120	61,786	309,771	413,677
Comprehensive income				
Profit for the year	-	-	418,236	418,236
Other comprehensive income				
Remeasurement of retirement and post-employment benefit obligations -net of tax	-	-	8,537	8,537
Depreciation transfer on buildings - net of tax	-	(950)	950	-
Transactions with owners				
Dividends	-	-	(390,873)	(390,873)
Write back of unclaimed dividends	-	-	1,677	1,677
Balance at 31 December 2019	42,120	60,836	348,298	451,254

NOTES TO THE SUMMARY INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 1: General Information

The West Indian Tobacco Company Limited is incorporated in the Republic of Trinidad and Tobago. The Company is listed on the Trinidad and Tobago Stock Exchange. The address of the registered office is Corner Eastern Main Road and Mount D'Or Road, Champs Fleurs, Trinidad, West Indies. It is a subsidiary of British American Tobacco (Investments) Limited, a company registered in the United Kingdom. Its ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The principal business activities of the Company are the manufacture and sale of cigarettes.

Note 2: Basis of Preparation

This summary financial information for the three month period ended 31 December 2020, has been prepared in accordance with International Accounting Standard 34 (IAS34), 'Interim Financial Reporting' as well as the requirements of the Securities Act 2012 which goes beyond IAS 34. The summary interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

Note 3: Significant Accounting Policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with International Financial Reporting Standards (IFRS). The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those summary financial statements with the exception of taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Note 4: Segment Information

Primary reporting format – geographical segment

	Domestic TT\$'000	CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
Year ended 31 December 2020				
Revenue	797,676	102,241	-	899,917
Gross Profit	674,163	14,734	-	688,897
Year ended 31 December 2019				
Revenue	832,642	102,723	-	935,365
Gross Profit	716,077	12,298	-	728,375
Total Segment assets				
31 December 2020	59,387	38,347	711,089	808,823
31 December 2019	85,969	30,551	566,868	683,388

The Company is organised and managed on the basis of two geographic regions, namely the Domestic market and the Caricom market. These are the reportable segments for the Company as they form the focus of the Company's internal reporting systems and are the basis used by the Managing Director and the local management team, as the chief operating decision makers, for assessing performance and allocating resources.

The Company is a single product business providing cigarettes. While the Company has clearly differentiated brands, segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

The Company has several transactions and relationships with related parties as defined by IAS 24 Related Party Disclosures, all of which are undertaken in the normal course of business. These transactions include the sale and purchase of manufactured cigarettes and raw materials and charges for royalties, commissions, services and fees.

With the exception of the Domestic market, no other individual country within the Caricom market contributes more than 10% of total revenue. Information is analysed by segment only where relevant and applicable. Where there is no logical allocation basis, items have been disclosed as unallocated.

All the Company's non-current assets are located in Trinidad and Tobago. Revenues from two customers of the Company's Domestic segment represented approximately \$796,000,000 (2019: \$831,000,000) of the Company's total revenues. This consist of a 50% split between the two companies.

Note 5: Pension and Other Post Retirement Obligations.

As a result of a change in the discount rate from 5.10% to 5.60%, and a capital pension contribution injection of \$9m, the Company's defined benefit pension obligation decreased by \$17m over the last 12 months. As at December 31, 2020, if the discount rate had been 0.5% higher or lower with all other variables held constant, the carrying amount of pension obligations would have been \$15,470,000 lower or \$17,383,000 higher (2019: \$17,485,000 lower or \$19,744,000 higher). The defined benefit obligation is calculated using the projected unit credit method.

	31.12.20 TT\$'000	31.12.19 TT\$'000
Note 6: Related Party Transactions		
Sale of Goods and Services:		
Sale of Goods - Related Parties	102,241	102,723
Recharge of services - related parties	23,782	18,039
Purchase of Goods and Services:		
Purchase of Goods - Related Parties	52,133	50,682
Purchase of Services - Related Parties	47,627	65,588
Purchase of Services - Parent Company	35,879	37,059
Year end balances arising from sales/purchases of goods and services:		
Receivables from Related Parties	21,992	24,212
Payables to Related Parties	45,201	27,193
Payables to Parent Company	7,348	7,345
Key Management Compensation		
Salaries and other short-term employee benefits	11,558	7,097
Post retirement medical obligations	1	1
Post retirement benefits	114	462
Note 7: Capital Commitments		
Authorised and contracted for, and not provided for in the financial statements	3,970	10,076
Note 8: Contingent Liabilities		
Customs & Immigration Bonds	16,930	16,937
Note 9: Dividends Paid On Ordinary Shares		
Final dividend – prior year	128,887	123,833
First interim dividend	-	69,919
Second interim dividend	98,561	97,718
Third interim dividend	65,917	99,403
	<u>293,365</u>	<u>390,873</u>

A final dividend in respect of 2020, of \$0.76 cents per share (2019 of \$0.51 cents per share) amounting to \$192,067,200 (2019: \$128,887,200) is to be proposed at the Annual General Meeting to be held on April 28, 2021. If approved, the total dividend for the year will be \$1.54, 1.91% lower than the dividend distribution of \$1.57 with respect to 2019.