TRINIDAD CEMENT LIMITED

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

## CONDENSED CONSOLIDATED INCOME STATEMENT

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Revenue | 489,440 | 467,313 | 1,552,713 | 1,406,243 | 1,896,518 |
| Cost of sales | (314,545) | (375,440) | (1,019,568) | (1,015,629) | (1,326,431) |
| **Gross profit** | **174,895** | **91,873** | **533,145** | **390,614** | **570,087** |
| Operating expenses | (76,390) | (72,208) | (226,046) | (189,207) | (257,518) |
| Impairment of trade accounts receivable | (750) | (117) | (1) | (521) | (819) |
| **Operating earnings before other (expenses) income, net** | **97,755** | **19,548** | **307,098** | **200,886** | **311,750** |
| Other (expenses) income, net | (3,243) | (7,546) | (32,158) | (19,219) | 21,849 |
| **Operating earnings** | **94,512** | **12,002** | **274,940** | **181,667** | **333,599** |
| Financial expense | (10,518) | (15,018) | (29,728) | (60,172) | (89,950) |
| Financial income | 563 | (7) | 654 | 8 | 30 |
| **Earnings (loss) before taxation** | **84,557** | **(3,023)** | **245,866** | **121,503** | **243,679** |
| Taxation charge | (29,815) | (20,201) | (78,774) | (60,919) | (53,260) |
| **NET INCOME (LOSS)** | **54,742** | **(23,224)** | **167,092** | **60,584** | **190,419** |
| Non-controlling interest net (income) loss | (13,814) | 304 | (50,786) | (32,988) | (49,646) |
| **CONTROLLING INTEREST NET INCOME (LOSS)** | **40,928** | **(22,920)** | **116,306** | **27,596** | **140,773** |
| **Basic and diluted earnings (loss) per share - cents (Note 3):** | **11.0** | **(6.2)** | **31.3** | **7.4** | **37.9** |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| **NET INCOME (LOSS)** | **54,742** | **(23,224)** | **167,092** | **60,584** | **190,419** |
| **Items that will not be reclassified subsequently to the income statement** | | | | | |
| Net actuarial gains from remeasurements of employee benefit plans | - | - | - | - | 105,642 |
| Taxation recognised directly in other comprehensive income | - | - | - | - | (29,043) |
| | - | - | - | - | 76,599 |
| **Items that are or may be reclassified subsequently to the income statement** | | | | | |
| Effects from derivative financial instruments designated as cash flow hedges | (904) | 2,708 | (278) | 3,863 | 1,203 |
| Currency translation results of foreign subsidiaries | (5,431) | 8,012 | 6,723 | (9,252) | (34,302) |
| | (6,335) | 10,720 | 6,445 | (5,389) | (33,099) |
| Total items of other comprehensive income, net | (6,335) | 10,720 | 6,445 | (5,389) | 43,500 |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | **48,407** | **(12,504)** | **173,537** | **55,195** | **233,919** |
| Non-controlling interest comprehensive income | (12,067) | (1,788) | (53,198) | (29,252) | (35,396) |
| **CONTROLLING INTEREST COMPREHENSIVE INCOME (LOSS)** | **36,340** | **(14,292)** | **120,339** | **25,943** | **198,523** |

## DIRECTORS' STATEMENT

**Health and Safety**

Health and Safety is at the foundation of everything we do and our number one priority across the TCL Group. We work diligently to ensure that all our employees and contractors return safely to their families each day. During the third quarter, no Lost Time Incidents (LTIs) were recorded. August 2022 marked a 3-year LTI-free milestone in our Jamaican operations. In September, our Guyana operations celebrated 4 years without LTIs. The Group is progressively adjusting our COVID-19 prevention measures as we transition to normal operations. These adjustments are consistent with government regulations in our region.

**Sustainability**

Sustainability is another important core value for us at the TCL Group. We recognise that every decision and action taken is an opportunity for us to make a positive impact on the people around us and are stepping stones to a sustainable, greener world. With a relentless focus on global climate action, we continue to promote our low-carbon Vertua-certified ECO Cement both in our domestic markets of Jamaica and Trinidad and Tobago as well as the Group's export markets.

The use of alternative fuels through our end-of-life tyre programme and the utilisation of waste oil in our production processes in Jamaica continue to move the Group along the path to a greener enterprise. Our achievements in the development of low-carbon cement products and solutions align with CEMEX's "Future in Action" program, a global, comprehensive strategy which follows the United Nations' Sustainable Development Goals on climate action.

**Capacity Expansion**

At a ceremony attended by the Jamaican Prime Minister, the Most Hon. Andrew Holness and CEMEX's CEO, Fernando Gonzalez on August 24, 2022, plans were unveiled for a US$40 million capacity expansion project at our Jamaica operation. This project is expected to expand production capacity at Caribbean Cement Company Limited by up to 30%, while optimising heat consumption during the cement manufacturing process and thereby reducing the company's carbon footprint in Jamaica. The project is expected to be completed in the second half of 2024.

**Financial Performance**

The TCL Group recorded consolidated revenue from continuing operations of $489 million during the third quarter of 2022, representing a 5% increase when compared to the same quarter of 2021. Revenue for the quarter was affected by a combination of increases and decreases in sales volumes in specific geographic segments across the region. On a year-to-date basis, the Group recorded consolidated revenue from continuing operations of $1.6 billion, 10% higher than that of the same period in 2021.

The Group reported adjusted EBITDA of $130 million in the third quarter of 2022 compared to $51 million during the same quarter of 2021. The prior year's result included the total cost associated with the implementation of planned maintenance. The adjusted EBITDA for the first nine months of 2022 was $405 million, a 37% improvement on the same period during the prior year. This increase mainly resulted from improved cement revenues in Trinidad and Tobago and Jamaica, that helped to offset the significant inflation felt in input costs. In the third quarter of 2022, the Group reported net income of $55 million, compared to a net loss of $23 million in the same quarter of 2021. This increase was mainly driven by increased revenues and reduced costs incurred during the period. Net financial expenses including exchange losses decreased by $5 million arising from the repayment of US$-denominated borrowings in Jamaica. On a year-to-date basis, the Group reported a net income of $167 million, compared to a net income of $61 million in the same period during 2021. This rise resulted from increased operating earnings and a 51% reduction in financial expenses, which were partially offset by higher other expenses and taxation.

During the third quarter of 2022, the Group generated cash of $76 million from operating activities. This was mainly driven by improved operating results when compared to 2021. On a year-to-date basis, the Group generated $69 million from operating activities. During the quarter, Caribbean Cement Company Limited paid gross dividends of $57 million, of which $15 million was paid to non-controlling interest equity holders.

**Outlook**

We are pleased with the TCL Group's improved financial performance during the first nine months. Our performance is a result of disciplined cost control and reduced US$ debt in Jamaica. Moving forward, we remain alert to potential impacts on business performance driven by high inflation and restrictions on the supply chain for our materials and services. The conflict between Russia and Ukraine has aggravated the situation, translating into increased costs in fuel, power, and shipping.

The Board and Management continue to closely monitor the situation to ensure that our strategies are solid and able to withstand the unpredictable market conditions and other global and regional challenges.

**David G. Inglefield**
**Chairman**
**TCL Group**
**October 28, 2022**

**Francisco Aguilera Mendoza**
**Managing Director**
**TCL Group**
**October 28, 2022**

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| TT$'000 | UNAUDITED | | AUDITED |
|---|---|---|---|
| | 30.09.22 | 30.09.21 | 31.12.21 |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 119,657 | 84,239 | 75,655 |
| Trade accounts receivable, net | 53,408 | 66,274 | 61,568 |
| Other accounts receivable | 129,106 | 49,931 | 34,660 |
| Taxation recoverable | 2,064 | 3,237 | 3,218 |
| Inventories, net | 389,412 | 288,198 | 324,522 |
| **Total current assets** | **693,647** | **491,879** | **499,623** |
| **NON-CURRENT ASSETS** | | | |
| Investments | 1 | 1 | 1 |
| Property, machinery and equipment, net | 1,624,914 | 1,627,918 | 1,646,605 |
| Deferred taxation assets | 121,323 | 122,279 | 114,564 |
| Employee benefits | 135,519 | 51,243 | 133,374 |
| Other accounts receivable | 377 | 1,506 | - |
| **Total non-current assets** | **1,882,134** | **1,802,947** | **1,894,544** |
| **TOTAL ASSETS** | **2,575,781** | **2,294,826** | **2,394,167** |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **CURRENT LIABILITIES** | | | |
| Other financial obligations | 8,466 | 6,742 | 7,091 |
| Trade payables | 263,702 | 319,724 | 356,507 |
| Taxation payable | 30,820 | 9,581 | 16,321 |
| Other current liabilities | 293,609 | 253,798 | 266,987 |
| **Total current liabilities** | **596,597** | **589,845** | **646,906** |
| **NON-CURRENT LIABILITIES** | | | |
| Long-term debt | 487,113 | 513,471 | 438,760 |
| Other financial obligations | 15,309 | 18,943 | 19,325 |
| Employee benefits | 202,537 | 249,372 | 195,146 |
| Deferred taxation liabilities | 221,719 | 207,928 | 199,121 |
| Other non-current liabilities | 1,449 | 1,800 | 2,718 |
| **Total non-current liabilities** | **928,127** | **991,514** | **855,070** |
| **TOTAL LIABILITIES** | **1,524,724** | **1,581,359** | **1,501,976** |
| **SHAREHOLDERS' EQUITY** | | | |
| Controlling interest: | | | |
| Stated capital | 827,732 | 827,732 | 827,732 |
| Unallocated ESOP shares | (20,019) | (20,019) | (20,019) |
| Other equity reserves | (321,194) | (306,973) | (325,227) |
| Retained earnings | 283,984 | 65,554 | 143,211 |
| Net income | 116,306 | 27,596 | 140,773 |
| **Total controlling interest** | **886,809** | **593,890** | **766,470** |
| Non-controlling interest | 164,248 | 119,577 | 125,721 |
| **TOTAL SHAREHOLDERS' EQUITY** | **1,051,057** | **713,467** | **892,191** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | **2,575,781** | **2,294,826** | **2,394,167** |

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| TT$'000 | UNAUDITED | | | | AUDITED |
|---|---|---|---|---|---|
| | Three Months Jul to Sep | | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| **OPERATING ACTIVITIES** | | | | | |
| **Net income (loss)** | **54,742** | **(23,224)** | **167,092** | **60,584** | **190,419** |
| Non-cash items: | | | | | |
| Depreciation and amortisation of property, machinery and equipment | 32,518 | 31,288 | 98,313 | 95,062 | 127,043 |
| Financial expense, net | 9,955 | 15,025 | 29,074 | 60,164 | 89,920 |
| Pension plan and other post-retirement benefit | 4,150 | 4,694 | 12,442 | 11,801 | (13,395) |
| Other items, net | (715) | (1,000) | (188) | (1,052) | (1,792) |
| Reversal of impairment losses on property, machinery and equipment | - | - | - | - | (21,799) |
| Taxation charge | 29,815 | 20,201 | 78,774 | 60,919 | 53,260 |
| Changes in working capital, excluding taxation | (33,258) | 51,499 | (236,245) | (15,659) | (12,443) |
| **Cash generated from operating activities before financial expense, taxation and post-employment benefits paid** | **97,207** | **98,483** | **149,262** | **271,819** | **411,213** |
| Financial expense paid | (2,950) | (7,495) | (14,001) | (17,077) | (25,317) |
| Taxation paid | (14,347) | (7,313) | (55,808) | (60,578) | (70,740) |
| Pension plan contributions and other post-retirement benefit paid | (3,636) | (3,725) | (10,806) | (11,156) | (14,764) |
| **Net cash flows from operating activities** | **76,274** | **79,950** | **68,647** | **183,008** | **300,392** |
| **INVESTING ACTIVITIES** | | | | | |
| Purchase of property, machinery and equipment | (23,961) | (31,284) | (59,425) | (67,603) | (147,900) |
| Proceeds from disposal of property, machinery and equipment | - | - | - | - | 1,790 |
| **Net cash flows used in investing activities** | **(23,961)** | **(31,284)** | **(59,425)** | **(67,603)** | **(146,110)** |
| **FINANCING ACTIVITIES** | | | | | |
| (Repayment of) increase in debt, net | (2,651) | (26,528) | 52,060 | (115,630) | (163,058) |
| Other financial obligations, net | 876 | (724) | (2,641) | (2,897) | (1,927) |
| Dividends paid | (14,671) | - | (14,671) | - | - |
| **Net cash flows from (used in) financing activities** | **(16,446)** | **(27,252)** | **34,748** | **(118,527)** | **(164,985)** |
| Increase (decrease) in cash and cash equivalents | 35,867 | 21,414 | 43,970 | (3,122) | (10,703) |
| Cash conversion effect, net | (76) | 190 | 32 | (944) | (1,947) |
| Cash and cash equivalents at beginning of period | 83,866 | 62,635 | 75,655 | 88,305 | 88,305 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **119,657** | **84,239** | **119,657** | **84,239** | **75,655** |
| **Changes in working capital, excluding taxation:** | | | | | |
| Trade accounts receivable, net | 16,016 | (4,688) | 8,254 | (9,666) | (5,065) |
| Other accounts receivable | (66,507) | 6,109 | (108,146) | (3,429) | 7,241 |
| Inventories, net | (23,508) | (7,103) | (61,363) | (52,257) | (88,452) |
| Trade payables | (10,314) | 20,319 | (95,709) | 85,306 | 121,915 |
| Other current and non-current liabilities | 51,055 | 36,862 | 20,719 | (35,613) | (48,082) |
| **Changes in working capital, excluding taxation** | **(33,258)** | **51,499** | **(236,245)** | **(15,659)** | **(12,443)** |

TRINIDAD CEMENT LIMITED

# CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

| TT$'000 | CONTROLLING INTEREST | | | NON-CONTROLLING INTEREST | | |
|---|---|---|---|---|---|---|
| | UNAUDITED | | AUDITED | UNAUDITED | | AUDITED |
| | Nine Months Jan to Sep | | Year Jan to Dec | Nine Months Jan to Sep | | Year Jan to Dec |
| | 2022 | 2021 | 2021 | 2022 | 2021 | 2021 |
| **Balance at beginning of period** | **766,470** | **567,947** | **567,947** | **125,721** | **90,325** | **90,325** |
| Net income | 116,306 | 27,596 | 140,773 | 50,786 | 32,988 | 49,646 |
| Total items of other comprehensive income (loss), net | 4,033 | (1,653) | 57,750 | 2,412 | (3,736) | (14,250) |
| Dividends | - | - | - | (14,671) | - | - |
| **Balance at end of period** | **886,809** | **593,890** | **766,470** | **164,248** | **119,577** | **125,721** |

## SEGMENT INFORMATION

| TT$'000 | CEMENT | CONCRETE | PACKAGING | CONSOLIDATION ADJUSTMENTS | TOTAL |
|---|---|---|---|---|---|
| **UNAUDITED NINE MONTHS JAN TO SEP 2022** | | | | | |
| **Revenue** | | | | | |
| Total | 1,698,024 | 42,781 | 18,555 | - | 1,759,360 |
| Intersegment | (180,680) | (3,065) | (22,902) | - | (206,647) |
| Third party | 1,517,344 | 39,716 | (4,347) | - | 1,552,713 |
| Earnings before taxation | 244,072 | 201 | 1,593 | - | 245,866 |
| Depreciation | 95,030 | 2,929 | 354 | - | 98,313 |
| Segment assets | 3,519,116 | 127,510 | 73,999 | (1,144,844) | 2,575,781 |
| Segment liabilities | 2,391,815 | 42,367 | 13,668 | (923,126) | 1,524,724 |
| Capital expenditure | 58,521 | 904 | - | - | 59,425 |
| **UNAUDITED NINE MONTHS JAN TO SEP 2021** | | | | | |
| **Revenue** | | | | | |
| Total | 1,502,488 | 49,428 | 31,312 | - | 1,583,228 |
| Intersegment | (146,762) | (2,920) | (27,303) | - | (176,985) |
| Third party | 1,355,726 | 46,508 | 4,009 | - | 1,406,243 |
| Earnings (loss) before taxation | 129,672 | 6,676 | (14,845) | - | 121,503 |
| Depreciation | 89,905 | 4,681 | 477 | (1) | 95,062 |
| Segment assets | 3,138,175 | 124,726 | 75,335 | (1,043,410) | 2,294,826 |
| Segment liabilities | 2,336,225 | 48,158 | 32,458 | (835,482) | 1,581,359 |
| Capital expenditure | 63,962 | 3,641 | - | - | 67,603 |
| **AUDITED YEAR JAN TO DEC 2021** | | | | | |
| **Revenue** | | | | | |
| Total | 2,037,673 | 67,272 | 40,212 | - | 2,145,157 |
| Intersegment | (208,981) | (3,605) | (36,053) | - | (248,639) |
| Third party | 1,828,692 | 63,667 | 4,159 | - | 1,896,518 |
| Earnings (loss) before taxation | 229,529 | 14,704 | (554) | - | 243,679 |
| Depreciation | 119,707 | 6,740 | 596 | - | 127,043 |
| Reversal of impairment losses on property, machinery and equipment | 21,799 | - | - | - | 21,799 |
| Segment assets | 3,261,356 | 132,690 | 73,313 | (1,073,192) | 2,394,167 |
| Segment liabilities | 2,316,206 | 45,571 | 14,273 | (874,074) | 1,501,976 |
| Capital expenditure | 141,764 | 6,136 | - | - | 147,900 |

## 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 shareholders' 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, 2021 audited consolidated financial statements consistently applied from period to period. The TCL Group has adopted all the new and revised accounting standards that are mandatory for annual accounting periods on or after January 1, 2022 and which are relevant to the TCL Group's operations.

**3. Earnings Per Share**

Earnings per share (EPS) is calculated by dividing the net income or loss attributable to the 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 (Expense) Income, 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 TCL Group's readymix concrete business.

Operating expenses comprise administrative, selling, distribution and logistics expenses. Administrative expenses represent expenses related to managerial activities and back office for the TCL Group's management. Selling expenses represent the expenses associated with sales activities. Distribution and logistics expenses refer to expenses of storage at points of sale, 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) income, net consist primarily of income and expenses not directly related to the TCL Group's main activities, or which are of an unusual and/or non-recurring nature, including royalties, past service cost of pension and post-retirement employee benefits, reversal of impairment losses on property, machinery and equipment, results on disposal of property, machinery and equipment and restructuring costs, among others.