



# UNILEVER CARIBBEAN LIMITED

# Unaudited Financial Statements

for the half year ended 30 June 2019

Expressed in Trinidad & Tobago Dollars

## CHAIRMAN'S REVIEW

Q2-2019 results are compared to a Q2-2018 results restated to exclude Spreads, which are captured in the "Profit from discontinued Operations net of tax".

The company continues to operate in challenging economic environment with soft consumer demand, while accelerating the rate of internal change to adapt to the new external reality. Marketing investment is being sustained and focused on our leading Brands while accelerating new product launches to respond to evolving market needs.

Revenue in Q2-2019 was TT\$72.8m, 11.1% lower than Q-2018's Turnover of TT\$81.9m, with the H1-2019 at TT\$137.8m, 11.4% behind last year's Turnover of TT\$155.4 m for the same period.

In Q2 the Homecare Category suffered further a volume reduction, however, this was offset by price increases to improve Margins, with the net result being Category Revenue in line with last year. Beauty and Personal Care and Foods and Refreshment declined in Q2-2019 vs Q2-2018.

Despite the reduction in Revenue, Gross Margins continued to improve, with Q2-2019 delivering 37.9% compared to 33.2% in Q2-2018. H1-2019 Gross Margin was 36.8%, versus a 31.4% for H1-2018.

Our Portfolio Shift strategy continues to be executed, supported by strategic pricing and optimized promotions to deliver Gross Margin improvements in all Categories. This increased Gross Profit by TT\$1.9m versus prior year.

Selling and Distribution Expenses were reduced by TT\$2.3m (-5.8%) versus prior year, as opportunities to improve efficiencies continue to be identified and implemented. Administrative operations were also improved, however, additional charges related to on-going improvement initiatives and inter-company Shared Services resulted in a net increase of TT\$5.1 m and contributed to an H1 Operating loss of TT\$2.7m compared to an Operating Loss of TT\$3.8m in H1 2018. These Shared Services comprise mainly IT and Communications systems, including ERP and Procurement Systems, Master Data management, Infrastructure and IT Security.

Other Income and Finance Income contributed to delivering a Profit Before Tax of TT\$1.0m compared to a Loss Before Tax of TT\$3.8m for the prior year.

Trade Receivables and Inventories were reduced by a combined TT\$6.5m compared to Q2-2018 as Working Capital control continues to be a focus for the Company. The major Cash Flow item was payment of TT\$56.9m in Dividends in Q2.

The Company is focused on delivering Margin improvements and optimizing its Asset and Cost base while implementing measures to return to sustainable Profitable Growth. A comprehensive review of all aspects of the operation is underway with key stakeholders as we design a new way forward.

Nuria Hernández  
Chairman

## SUMMARY STATEMENT OF FINANCIAL POSITION

	UNAUDITED AS AT		AUDITED
	30-JUN-19	30-JUN-18	31-DEC-18
	\$'000	\$'000	\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	142,471	129,918	129,511
Retirement benefit asset	56,433	66,249	56,115
Deferred tax asset	8,557	7,175	8,311
	<u>207,461</u>	<u>203,342</u>	<u>193,937</u>
<b>Current assets</b>			
Assets held for sale	-	23,151	-
Inventories	50,212	54,208	40,994
Trade and other receivables	66,779	69,260	69,773
Value added tax recoverable	20,761	16,191	17,663
Due from related companies	138,439	26,932	169,901
Taxation recoverable	9,934	8,483	9,582
Cash at bank and in hand	17,604	41,785	63,593
	<u>303,729</u>	<u>240,010</u>	<u>371,506</u>
<b>Total assets</b>	<b>511,190</b>	<b>443,352</b>	<b>565,443</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Stated capital	26,244	26,244	26,244
Property revaluation surplus	35,643	35,643	35,643
Retained earnings	252,699	161,381	309,722
<b>Total equity</b>	<b>314,586</b>	<b>223,268</b>	<b>371,609</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement and termination benefit obligation	26,428	23,917	26,666
Lease liabilities	10,199	-	-
Deferred tax liabilities	34,754	33,086	34,676
	<u>71,381</u>	<u>57,003</u>	<u>61,342</u>
<b>Current liabilities</b>			
Trade and other payables	93,081	81,491	80,450
Lease liabilities	6,113	-	-
Provisions for other liabilities	3,811	9,165	26,793
Due to parent and related companies	22,218	72,425	25,249
	<u>125,223</u>	<u>163,081</u>	<u>132,492</u>
<b>Total liabilities</b>	<b>196,604</b>	<b>220,084</b>	<b>193,834</b>
<b>Total equity and liabilities</b>	<b>511,190</b>	<b>443,352</b>	<b>565,443</b>

John De Silva, Managing Director

Nicholas Gomez, Director

## NOTES TO THE FINANCIAL STATEMENTS:

- 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).
- 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, 2018, and have been consistently applied to all periods presented, unless otherwise stated.
- 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 \$10.2M and Current \$6.1M) and the right of use asset at \$15.7M.
- The Restatement of Q2 2018 has been restated to exclude the impact of the Spreads Business and therefore reflects only the Continuing Operations as a basis for suitable comparison.

## SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 6 MONTHS ENDED		AUDITED YEAR ENDED
	30-JUN-19	Restated 30-JUN-18	30-JUN-19	Restated 30-JUN-18	31-DEC-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>					
Revenue	72,791	81,879	137,791	155,447	317,815
Cost of sales	(45,170)	(54,658)	(87,061)	(106,592)	(210,373)
<b>Gross profit</b>	<b>27,621</b>	<b>27,221</b>	<b>50,730</b>	<b>48,855</b>	<b>107,442</b>
Selling and distribution costs	(19,643)	(18,680)	(36,972)	(39,251)	(76,058)
Administrative expenses	(10,746)	(6,935)	(16,709)	(11,596)	(25,559)
Impairment gain/(loss) on trade receivables	(187)	(1,001)	282	(1,831)	(1,291)
<b>Operating profit/(loss)</b>	<b>(2,955)</b>	<b>605</b>	<b>(2,669)</b>	<b>(3,823)</b>	<b>4,534</b>
Other income	930	-	1,615	-	1,305
Finance income/(costs)- net	1,025	39	2,094	43	2,008
<b>Profit/(loss) before taxation</b>	<b>(1,000)</b>	<b>644</b>	<b>1,040</b>	<b>(3,780)</b>	<b>7,847</b>
Income tax expense	(64)	(903)	(659)	1,208	(1,490)
<b>Profit/(loss) after taxation</b>	<b>(1,064)</b>	<b>(259)</b>	<b>381</b>	<b>(2,572)</b>	<b>6,357</b>
Discontinued operations					
Profit from discontinued operations	-	3,550	-	8,914	162,167
net of tax	-	-	-	-	-
<b>Profit/(loss) for the period</b>	<b>(1,064)</b>	<b>3,291</b>	<b>381</b>	<b>6,342</b>	<b>168,524</b>
<b>Other comprehensive income</b>					
Re-measurements of defined benefit asset/liability	-	-	-	-	(12,664)
Related tax	-	-	-	-	3,799
<b>Total comprehensive income/(loss) for the period</b>	<b>(1,064)</b>	<b>3,291</b>	<b>381</b>	<b>6,342</b>	<b>159,659</b>
<b>Earnings per share-Continuing operations</b>	<b>(0.04)</b>	<b>(0.01)</b>	<b>0.01</b>	<b>(0.10)</b>	<b>0.24</b>
<b>Earnings per share-Discontinued operations</b>	<b>0.00</b>	<b>0.14</b>	<b>0.00</b>	<b>0.34</b>	<b>6.18</b>
<b>Total earnings per share</b>	<b>(0.04)</b>	<b>0.13</b>	<b>0.01</b>	<b>0.24</b>	<b>6.42</b>

## SUMMARY STATEMENT OF CASH FLOWS

	UNAUDITED 3 MONTHS ENDED		UNAUDITED 6 MONTHS ENDED		AUDITED YEAR ENDED
	30-JUN-19	Restated 30-JUN-18	30-JUN-19	Restated 30-JUN-18	31-DEC-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>					
Profit/(loss) before taxation	(1,000)	644	1,040	(3,780)	7,847
Continued operations	-	7,328	-	13,098	166,293
Discontinued operations	-	-	-	-	-
Adjustment for items not affecting working capital	7,562	552	9,858	3,334	(162,076)
Operating profit before working capital changes	6,562	8,524	10,898	12,652	12,064
Net decrease/(increase) in working capital	10,514	14,317	8,759	35,460	(127,194)
<b>Cash flows from operating activities</b>	<b>17,076</b>	<b>22,841</b>	<b>19,657</b>	<b>48,112</b>	<b>(115,130)</b>
Taxation & interest paid (net of refunds)	(117)	(1,013)	(1,148)	(2,025)	(4,064)
<b>Net cash generated (used in)/from operating activities</b>	<b>16,959</b>	<b>21,828</b>	<b>18,509</b>	<b>46,087</b>	<b>(119,194)</b>
<b>Cash flows from/(used in) investing activities</b>					
Purchase of plant and equipment	(104)	(706)	(1,674)	(2,954)	(6,623)
Proceeds from sale of Spreads	-	-	-	-	192,857
<b>Net cash generated from/(used in) investing activities</b>	<b>(104)</b>	<b>(706)</b>	<b>(1,674)</b>	<b>(2,954)</b>	<b>186,234</b>
<b>Cash flows used in financing activities</b>					
Dividends paid	(56,949)	(33,068)	(56,949)	(33,068)	(35,167)
Payment of lease liabilities	(5,875)	-	(5,875)	-	-
<b>Net cash flows used in financing activities</b>	<b>(62,824)</b>	<b>(33,068)</b>	<b>(62,824)</b>	<b>(33,068)</b>	<b>(35,167)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(45,969)</b>	<b>(11,946)</b>	<b>(45,989)</b>	<b>10,065</b>	<b>31,873</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>63,573</b>	<b>53,731</b>	<b>63,593</b>	<b>31,720</b>	<b>31,720</b>
<b>Cash and cash equivalents at the end of period</b>	<b>17,604</b>	<b>41,785</b>	<b>17,604</b>	<b>41,785</b>	<b>63,593</b>
<b>Represented by:</b>					
Cash at bank and in hand	17,604	41,785	17,604	41,785	63,593

## SUMMARY STATEMENT OF CHANGES IN EQUITY

	Stated Capital \$'000	Property Revaluation Surplus \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance as at 1 January, 2019</b>	26,244	35,643	309,722	371,609
Adjustment on initial application of IFRS 16	-	-	(455)	(455)
Total comprehensive income for the period	-	-	381	381
Dividends paid	-	-	(56,949)	(56,949)
<b>Balance as at 30 June, 2019</b>	<b>26,244</b>	<b>35,643</b>	<b>252,699</b>	<b>314,586</b>
<b>Balance as at 1 January, 2018</b>	26,244	35,643	172,433	234,320
Adjustment on initial application of IFRS 9	-	-	(326)	(326)
Total comprehensive income for the period	-	-	159,659	159,659
Dividends paid	-	-	(22,044)	(22,044)
<b>Balance as at 31 December, 2018</b>	<b>26,244</b>	<b>35,643</b>	<b>309,722</b>	<b>371,609</b>