

# Consolidated Unaudited Results for the Six Months Ended 31 May 2017

## PRESTIGE HOLDINGS LTD. A Restaurant Management Company

### Prestige Holdings Limited Chairman's Report to Shareholders

### CONSOLIDATED INCOME STATEMENT

#### CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

For the first half 2017 Group revenue increased by 6% to \$505 million and profit before tax decreased by 24% to \$27.5 million, from \$35.8 million in the previous year. Profit attributed to shareholders decreased by 31% to \$15.8 million, from \$23 million the year before. Earnings per share were 26 cents, 30% below that earned for the corresponding period in 2016. These results were generated from an average number of 119 restaurants.

The difficult economic environment in Trinidad and Tobago continues to weigh heavily on many sectors of the economy and on consumer spending. Despite this trend, across the majority of our restaurants we experienced stable or improved sales as a result of the strong market position of our brands, as well as attractive and innovative value food offerings. However, profitability fell short of prior year as a result of higher food costs and other inputs as a result of higher commodity prices, the depreciation of the Trinidad and Tobago Dollar and the higher tax rate, when compared to the corresponding period in 2016. These adverse factors were outlined in my First Quarter Statement, along with some initiatives to address our higher costs. As we implement these initiatives we are also very focused on maintaining our strong market position and on driving sales and transactions of all our brands.

On 29 May 2017, we opened our fourth Starbucks restaurant at Gulf City Mall in San Fernando, and our plan is to open at least one more Starbucks restaurant in this financial year. Additionally, in April we completed the remodel our KFC Independence Square restaurant.

#### OUTLOOK

While we do not anticipate any improvement in the Trinidad and Tobago economy in the second half of 2017, we expect to maintain the positive sales experienced in the first half. We also expect that the initiatives to manage our higher costs coupled with new and innovative menu offerings will yield an improved performance in the second half but the full year's performance will not likely be comparable to the prior year.



Christian E. Mouttet  
Chairman  
4 July 2017

	Six (6) Months to 31 May 2017	Six (6) Months to 31 May 2017	Six (6) Months to 31 May 2016	Three (3) Months to 31 May 2017	Three (3) Months to 31 May 2016	Year to 30 November 2016
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)	(AUDITED)
% Change	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Revenue	6%	505,096	478,270	252,437	239,808	985,518
Cost of sales		(329,200)	(307,188)	(164,238)	(155,155)	(635,304)
Gross profit	3%	175,896	171,082	88,199	84,653	350,214
Other operating expenses		(107,978)	(100,125)	(55,449)	(51,251)	(203,511)
Administrative expenses		(41,444)	(36,413)	(21,022)	(17,666)	(77,410)
Other income		982	1,228	513	771	2,415
Operating profit		27,456	35,772	12,241	16,507	71,708
Finance costs		(2,852)	(3,608)	(1,368)	(1,778)	(6,997)
Profit before income taxation	-24%	24,604	32,164	10,873	14,729	64,711
Income tax expense		(8,755)	(9,171)	(4,201)	(4,037)	(17,523)
Profit for the year	-31%	15,849	22,993	6,672	10,692	47,188
Attributable to:						
Owners of the Parent Company	-31%	15,849	22,993	6,672	10,692	47,188
		15,849	22,993	6,672	10,692	47,188
Basic earnings per share (exclusive of ESOP shares)	-30%	25.6 cents	36.7 cents	10.8 cents	16.9 cents	76.2 cents
Diluted earnings per share (exclusive of ESOP shares)		25.6 cents	36.7 cents	10.8 cents	16.9 cents	76.2 cents

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six (6) Months to 31 May 2017	Six (6) Months to 31 May 2016	Year to 30 November 2016
	(UNAUDITED)	(UNAUDITED)	(AUDITED)
	\$ '000	\$ '000	\$ '000
Profit for the year	15,849	22,993	47,188
Other comprehensive income/(loss):			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	15	137	(200)
Total comprehensive income for the year	15,864	23,130	46,988
Attributable To:			
Owners of the Parent Company	15,864	23,130	46,988



Director



Director

#### 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 Fwridays Jamaica).

2. The accounting policies used in preparation of the six (6) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2016.



## CONSOLIDATED BALANCE SHEET

	31 May 2017 (UNAUDITED)	31 May 2016 (UNAUDITED)	30 November 2016 (AUDITED)
	\$ '000	\$ '000	\$ '000
<b>ASSETS</b>			
Property, plant and equipment	264,668	255,272	274,897
Other intangible assets	74,704	72,606	74,612
Current assets	131,645	153,881	172,123
<b>Total assets</b>	<b>471,017</b>	<b>481,759</b>	<b>521,632</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	23,759	23,759	23,759
Retained earnings	232,885	216,596	230,789
Other reserves	17,925	18,247	17,910
Other equity instrument	--	15,000	5,000
Unallocated shares held by ESOP	(3,576)	(1,350)	(3,576)
Non current liabilities	76,441	91,130	83,882
Current liabilities	123,583	118,377	163,868
<b>Total equity and liabilities</b>	<b>471,017</b>	<b>481,759</b>	<b>521,632</b>

## CONSOLIDATED CASHFLOW STATEMENT

	31-May 2017 (UNAUDITED)	31-May 2016 (UNAUDITED)	30 November 2016 (AUDITED)
	\$ '000	\$ '000	\$ '000
<b>Cash flow from operating activities</b>			
Cash generated from operations	18,914	61,665	148,034
Interest paid	(2,852)	(3,608)	(6,997)
Income tax paid	(7,992)	(11,059)	(23,824)
<b>Net cash generated from operating activities</b>	<b>8,070</b>	<b>46,998</b>	<b>117,213</b>
Investing activities	(13,129)	(13,528)	(57,661)
Financing activities	(25,753)	(19,824)	(46,826)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(30,812)</b>	<b>13,646</b>	<b>12,726</b>
Cash and cash equivalents at the beginning of the year	84,248	71,522	71,522
Cash and cash equivalents at the end of the period	<b>53,436</b>	<b>85,168</b>	<b>84,248</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Other Equity Instrument	Other Reserves	Retained Earnings	Total	Unallocated Shares Held by ESOP	Total Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Balance at 1 December 2015</b>	22,830	15,000	18,110	207,356	263,296	(1,350)	261,946
<b>Comprehensive income</b>							
Profit for the year	--	--	--	47,188	47,188	--	47,188
<b>Other comprehensive loss</b>							
Currency translation differences	--	--	(200)	--	(200)	--	(200)
<b>Total comprehensive income/(loss) for the year</b>	--	--	(200)	47,188	46,988	--	46,988
<b>Transactions with owners</b>							
Proceeds from shares issued	929	--	--	--	929	--	929
Shares allocated during the year	--	--	--	--	--	1,887	1,887
Purchase of shares	--	--	--	--	--	(4,113)	(4,113)
Redemption	--	(10,000)	--	--	(10,000)	--	(10,000)
Dividends for 2015 -Paid 22 cents per share	--	--	--	(13,753)	(13,753)	--	(13,753)
Dividends for 2016 -Paid 16 cents per share	--	--	--	(10,002)	(10,002)	--	(10,002)
<b>Total transactions with owners</b>	<b>929</b>	<b>(10,000)</b>	<b>--</b>	<b>(23,755)</b>	<b>(32,826)</b>	<b>(2,226)</b>	<b>(35,052)</b>
<b>Balance at 30 November 2016</b>	<b>23,759</b>	<b>5,000</b>	<b>17,910</b>	<b>230,789</b>	<b>277,458</b>	<b>(3,576)</b>	<b>273,882</b>
<b>Balance at 1 December 2016</b>	<b>23,759</b>	<b>5,000</b>	<b>17,910</b>	<b>230,789</b>	<b>277,458</b>	<b>(3,576)</b>	<b>273,882</b>
<b>Comprehensive income</b>							
Profit for the year	--	--	--	15,849	15,849	--	15,849
<b>Other comprehensive loss</b>							
Currency translation differences	--	--	15	--	15	--	15
<b>Total comprehensive income/(loss) for the year</b>	--	--	15	15,849	15,864	--	15,864
<b>Transactions with owners</b>							
Redemption	--	(5,000)	--	--	(5,000)	--	(5,000)
Dividends for 2016 - Paid 22 cents per share	--	--	--	(13,753)	(13,753)	--	(13,753)
<b>Total transactions with owners</b>	<b>--</b>	<b>(5,000)</b>	<b>--</b>	<b>(13,753)</b>	<b>(18,753)</b>	<b>(3,576)</b>	<b>(18,753)</b>
<b>Balance at 31 May 2017</b>	<b>23,759</b>	<b>--</b>	<b>17,925</b>	<b>232,885</b>	<b>274,569</b>	<b>(3,576)</b>	<b>270,993</b>