

Consolidated Audited Results for the Twelve Months Ended 30 November 2018

PRESTIGE HOLDINGS LTD. A Restaurant Management Company

CHAIRMAN'S REPORT 2018 To Our Shareholders, Employees, Customers and Partners

For the fiscal year 2018, our revenue was on par with prior year and profit after tax decreased by 20% to \$26.4 million, from \$33.2 million. Earnings per share were 43.2 cents compared to 54.5 cents for the same period in 2017. We have continued to reduce long-term borrowings, which declined from \$80.5 million to \$63 million and our Debt/Equity Ratio at the end of 2018 was strong at 9:91. During the period, we opened 3 new restaurants - a Starbucks at Eilerslie Plaza, Maraval, a Starbucks kiosk at Trincity Mall and a Pizza Hut in Princes Town - and reimaged three KFC restaurants in Diego Martin, Curepe and Sangre Grande.

Our company experienced a number of difficulties in 2018, some caused by the slow economy coupled with foreign exchange shortages and the resulting high conversion rates, some resulting from market forces and some self-inflicted. Mostly, however, we recognise that there are areas in our business that are within our ability to control and affect, even in this difficult economy, and work is ongoing by your board and management to bring about improved shareholder returns.

During the year, Charles Pashley, who was the company's CEO for 8 years resigned to pursue other challenges and Simon Hardy, Vice President for the KFC brand, was appointed CEO, effective 1st August 2018. Simon has approached his new position with vigor and a clear sense of purpose and with the board's support, is bringing about changes in management and execution that are encouraging and should serve our company well into the future.

OPERATIONS

After a relatively good first quarter, our flagship KFC brand struggled to maintain its momentum throughout the rest of the year, largely due to rising costs and the overall market's resistance to price adjustments to offset these costs. We have put in place a number of initiatives to drive transactions and sales including new value offerings catering to individuals and families, faster service time at our drive through locations, the acquisition of new motorbikes to improve and expand delivery and improved product availability at our restaurants.

Subway, I am happy to say, started trending more positively in the second half of 2018 and in particular in the last quarter. Under new and stronger management of that brand, we have experienced positive trends in most key areas. I would like to recognise not only the senior management for these positive changes but also our associates in the restaurants and at the support centre who have all played a significant part in bringing about these improvements.

Our Pizza Hut brand experienced some growth but performed below expectations. Pizza Hut is a significant growth brand for our company and a new restaurant was opened in October, one month before the end of our financial year and two new restaurants are already under construction for 2019.

TGI Fridays is an important and profitable brand in our portfolio and I am pleased to announce that we will be opening our first new TGI Fridays restaurant in Trinidad in 13 years at Trincity Plaza, Trincity in March 2019. Our Jamaica restaurant performed well in 2018, significantly surpassing our expectations.

The Starbucks brand continues to perform well and two new restaurants were opened during the year. Two more restaurants will be added in 2019 as we continue to bring the Starbucks experience to communities throughout the country.

OCTOBER FLOODS

Nearing the end of our financial year, in late October 2018, our country was hit by the worst flooding that we have experienced in recent memory. The impact to individuals and families was devastating and widespread; but thankfully there was no loss of life. Response to this national disaster was immediate with government agencies, NGOs, corporations and many citizens all rising to the occasion and acting with expediency, determination and generosity. We would like to recognise all of the individuals and organisations who were part of the relief effort and in particular our own Prestige family many of whom were on the front lines providing meals and assistance to emergency workers and victims alike. At all levels of our organisation and across all brands our people responded with urgency and compassion and provided over 3,500 meals to those in need. Thank you. You make us all proud to be part of the Prestige family.

DIVIDENDS

The Board approved a final dividend of 20 cents (2017 - 20 cents) per common share, which, with shareholders' approval, will bring the total dividends payable for the financial year 2018 to 32 cents (2017 - 34 cents). The final dividend will be paid on 20 May, 2019 to shareholders whose names appear on the Register of Members on 8 May, 2019.

LOOKING FORWARD

Our company faces significant challenges with availability of

foreign exchange to fund our operations and the onerous costs associated with having to purchase alternative currencies to US Dollars to meet some of our obligations. That cost in 2018 alone was approximately \$6 million and cannot be passed on to customers. Additionally, consumers have become more discerning with their choices and certainly less forgiving when it comes to price and value. We are working harder in all areas and investing in innovation and convenience in order to continue to earn our customers' trust and loyalty. We believe that there are areas for improvement in our business which we are diligently working to address as well as opportunities for growth with our strong stable of brands. Although our performance in 2018 was disappointing, we expect the initiatives outlined above to take hold as we progress, and become apparent in the latter part of 2019.

ACKNOWLEDGEMENT

While it is always important to acknowledge and recognise our hard working and dedicated employees, it is doubly important to do so when the environment is difficult. I would like to thank and recognise all of our Prestige family. Your efforts are very much appreciated. Equally important, I would like to thank our customers and shareholders for their continued support and loyalty. Finally, I would like to thank my fellow directors for the support and counsel that you provide to both the management and me.



Christian E. Mouttet
Chairman
26 February 2019

CONSOLIDATED INCOME STATEMENT

	Twelve (12) Months to 30 November 2018	Year to 30 November 2018	Year to 30 November 2017 Restated
	% Change	(AUDITED) \$ '000	(AUDITED) \$ '000
Revenue	0.2%	1,042,386	1,040,067
Cost of sales		(692,703)	(680,064)
Gross profit		349,683	360,003
Other operating expenses		(226,822)	(223,565)
Administrative expenses		(80,991)	(81,738)
Other income		1,896	2,167
Operating profit		43,766	56,867
Finance costs		(5,071)	(5,422)
Profit before income tax	-24.8%	38,695	51,445
Income tax expense		(12,325)	(18,289)
Profit for the year		26,370	33,156
Profit attributable to:			
Owners of the parent company	-20.5%	26,370	33,156
Basic earnings per share (exclusive of treasury shares)	-20.7%	43.2 cents	54.5 cents
Diluted earnings per share		42.4 cents	53.4 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year to 30 November 2018	Year to 30 November 2017 Restated
	(AUDITED)	(AUDITED)
	\$ '000	\$ '000
Profit for the year	26,370	33,156
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss		
Gain on revaluation of land	6,540	--
Currency translation differences	(92)	88
Total comprehensive income for the year	32,818	33,244
Attributable To:		
Owners of the parent company	32,818	33,244



Director



Director

Notes:

- 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).
- The accounting policies used in preparation of the twelve (12) months results are consistent with those used in the Consolidated Audited Financial Statements for the year ended 30 November 2017. Where necessary, comparative figures were adjusted to correct prior period errors. Adjustments to previously reported information were made in accordance with the provisions of International Accounting Standard 8 - Accounting policies, changes in accounting estimates and errors.



CONSOLIDATED BALANCE SHEET

	30 November 2018 (AUDITED) \$ '000	30 November 2017 Restated (AUDITED) \$ '000	30 November 2016 Restated (AUDITED) \$ '000
ASSETS			
Property, plant and equipment	278,231	277,735	274,897
Other intangible assets	80,745	77,671	74,612
Current assets	146,529	142,085	172,123
Total assets	505,505	497,491	521,632
EQUITY AND LIABILITIES			
Share capital	23,759	23,759	23,759
Other reserves	24,446	17,998	17,910
Other equity instrument	--	--	5,000
Retained earnings	252,221	245,319	234,036
	300,426	287,076	280,705
Treasury shares	(11,284)	(13,007)	(13,007)
Total equity	289,142	274,069	267,698
Non-current liabilities	51,540	71,192	85,813
Current liabilities	164,823	152,230	168,121
Total liabilities	216,363	223,422	253,934
Total equity and liabilities	505,505	497,491	521,632

CONSOLIDATED CASHFLOW STATEMENT

	30 November 2018 (AUDITED) \$ '000	30 November 2017 Restated (AUDITED) \$ '000
Cash flow from operating activities		
Cash generated from operations	79,811	90,519
Interest paid	(5,071)	(5,422)
Income tax paid	(16,553)	(18,367)
Net cash generated from operating activities	58,187	66,730
Net cash used in investing activities	(45,930)	(53,735)
Net cash used in financing activities	(18,248)	(40,871)
Net decrease in cash and cash equivalents	(5,991)	(27,876)
Cash and cash equivalents at the beginning of the year	56,372	84,248
Cash and cash equivalents at the end of the year	50,381	56,372

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital \$ '000	Other Equity Instrument \$ '000	Other Reserves \$ '000	Retained Earnings \$ '000	Total \$ '000	Treasury Shares \$ '000	Total Equity \$ '000
Balance at 1 December 2016 - as previously reported	23,759	5,000	17,910	230,789	277,458	(3,576)	273,882
Restatement - impact of ESOP accounting	--	--	--	3,247	3,247	(9,431)	(6,184)
Balance at 1 December 2016- (restated)	23,759	5,000	17,910	234,036	280,705	(13,007)	267,698
Comprehensive Income							
Profit for the year -as previously reported	--	--	--	32,856	32,856	--	32,856
Restatement	--	--	--	299	299	--	299
	--	--	--	33,155	33,155	--	33,155
Other Comprehensive income							
Currency translation differences	--	--	88	--	88	--	88
Total comprehensive income for the year	--	--	88	33,155	33,243	--	33,243
Transactions with owners							
Redemption	--	(5,000)	--	--	(5,000)	--	(5,000)
Net dividends for 2016 - restated							
-Paid 22 cents per share	--	--	--	(13,366)	(13,366)	--	(13,366)
Net dividends for 2017 - restated							
-Paid 14 cents per share	--	--	--	(8,506)	(8,506)	--	(8,506)
Total transactions with owners	--	(5,000)	--	(21,872)	(26,872)	--	(26,872)
Balance at 30 November 2017 (restated)	23,759	--	17,998	245,319	287,076	(13,007)	274,069
Balance at 1 December 2017	23,759	--	17,998	241,141	282,898	(1,148)	281,750
Restatement	--	--	--	4,179	4,179	(11,859)	(7,680)
Balance at 1 December 2017- (restated)	23,759	--	17,998	245,320	287,077	(13,007)	274,070
Comprehensive income							
Profit for the year	--	--	--	26,370	26,370	--	26,370
Other comprehensive income/(loss)							
Revaluation surplus	--	--	6,540	--	6,540	--	6,540
Currency translation differences	--	--	(92)	--	(92)	--	(92)
Total comprehensive income for the year	--	--	6,448	26,370	32,818	--	32,818
Transactions with owners							
Sale of treasury shares	--	--	--	--	--	1,723	1,723
Net dividends for 2017							
-Paid 20 cents per share	--	--	--	(12,151)	(12,151)	--	(12,151)
Net dividends for 2018							
-Paid 14 cents per share	--	--	--	(7,318)	(7,318)	--	(7,318)
Total transactions with owners	--	--	--	(19,469)	(19,469)	1,723	(17,746)
Balance at 30 November 2018	23,759	--	24,446	252,221	300,426	(11,284)	289,142