

Consolidated Unaudited Results for the Three Months Ended 29 February 2020

PRESTIGE HOLDINGS LTD. A Restaurant Management Company

PRESTIGE HOLDINGS LIMITED Chairman's Report to Shareholders

CONSOLIDATED UNAUDITED FINANCIAL PERFORMANCE

This is one of the more difficult Chairman's Statements that I have had to write, given the coronavirus Covid 19 pandemic that is currently gripping the world and the effect that this virus is having on the lives and livelihood of millions of people worldwide, including us right here in Trinidad and Tobago. We believe that the recent decision by the government to require all restaurants in Trinidad and Tobago to close, until 30th April 2020 at the earliest, while a difficult one for all of our stakeholders, is the right one at this time. I think it appropriate to highlight the first of our company's Core Values: "We care for, recognize & respect each other, our customers & our communities". The health and wellbeing of our employees, customers and the communities in which we operate are paramount to us.

For the first three months of the Financial Year 2020, group revenue increased by 14% to \$291 million, and profit attributable to shareholders increased by 46% to \$8.2 million compared with \$5.6 million for the same period last year. These results are after taking into account the effects of the newly adopted IFRS 16 leases standard, as is now required, which specifies how companies recognize, measure and disclose lease obligations. The impact of this new standard in this quarter was a non-cash reduction in profit before tax of \$2.2 million and an initial increase in Non-Current Assets and Non-Current Liabilities on our Balance Sheet of \$291 million respectively.

The significant improvement in profitability for the quarter (an increase of 77% before tax if the IFRS 16 impact is excluded) is as a result of the growth in sales, the continuing improvements in the efficiencies in our operations, and the timing of Carnival, which fell in this period as opposed to the Second Quarter in 2019. At the end of the quarter we had 129 restaurants with no new restaurant openings, remodels or relocations in the period.

With all of our restaurants now closed, until 30th April 2020 at the earliest, and with an uncertain macro-economic outlook, it is near impossible to make forward looking statements on our group's performance. Howard Marks, Co-Chairman of Oaktree Capital in the US, said in his most recent memo to clients, "These days everyone has the same data regarding the present and the same ignorance regarding the future." I think that pretty much sums up the current state of affairs. After our first quarter performance and the continued momentum immediately thereafter, we were confident in our ability to deliver significantly improved results in 2020. We can no longer project this as the closure of our restaurants will have a direct and significant impact on our business for the duration of the closure, and possibly thereafter. Having said that, your board and the management are engaged in various initiatives to manage and mitigate costs in our business, where appropriate. While this is still very much a work in progress, we have already had some successes and we expect that this exercise will serve us well now and into the future.

Our restaurant brands are strong, some of them having a very special place in the hearts and minds of Trinidadians and Tobagonians, a fact that we never take for granted. Financially, our company has maintained a strong balance sheet with adequate cash reserves and

conservative debt levels which we believe positions us well to meet the challenges ahead. Most importantly, our real strength and what best positions us to see out this crisis are our focused, dedicated and hardworking employees. Our shareholders and partners can be confident that we have the very best people within our ranks to take us through this trying period. The next few months will undoubtedly be difficult for our employees, company and country, but we fully expect to come out of this crisis, maybe somewhat bruised, but not broken and ready to ramp up our operations to pre-crisis levels and beyond.

In my 2019 year-end Chairman's Statement, published on 27th February 2020, I announced that the Board approved a final dividend of 20 cents for 2019, to be paid on 18th May 2020, subject to shareholder approval. Given the current circumstances and the uncertain outlook, we believe that prudence dictates that instead, no final dividend be paid for 2019, and this is what your Board is now recommending to shareholders, subject to approval at the next Annual Meeting.



Christian E. Mouttet
Chairman
8 April 2020

CONSOLIDATED INCOME STATEMENT

| | Three (3) Months to 29 February 2020 | Three (3) Months to 29 February 2020 | Three (3) Months to 28 February 2019 | Year to 30 November 2019 |
|--|---|---|---|--------------------------------|
| | % Change | (UNAUDITED) \$ '000 | (UNAUDITED) \$ '000 | (AUDITED) \$ '000 |
| Revenue | 14% | 291,258 | 256,573 | 1,112,933 |
| Cost of sales | | (195,705) | (171,603) | (738,483) |
| Gross profit | | 95,553 | 84,970 | 374,450 |
| Other operating expenses | | (58,205) | (55,755) | (234,965) |
| Administrative expenses | | (20,410) | (20,002) | (82,659) |
| Other income | | 641 | 462 | 2,602 |
| Operating profit | | 17,579 | 9,675 | 59,428 |
| Finance costs | | (4,978) | (1,282) | (5,069) |
| Profit before income tax | 50% | 12,601 | 8,393 | 54,359 |
| Income tax expense | | (4,372) | (2,739) | (18,539) |
| Profit for the year | | 8,229 | 5,654 | 35,820 |
| Profit attributable to: | | | | |
| Owners of the parent company | 46% | 8,229 | 5,654 | 35,820 |
| Basic earnings per share (exclusive of treasury shares) | 45% | 13.5 cents | 9.3 cents | 58.7 cents |
| Diluted earnings per share | | 13.2 cents | 9.1 cents | 57.7 cents |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Three (3) Months to 29 February 2020 | Three (3) Months to 28 February 2019 | Year to 30 November 2019 |
|--|---|---|--------------------------------|
| | (UNAUDITED) \$ '000 | (UNAUDITED) \$ '000 | (AUDITED) \$ '000 |
| Profit for the year | 8,229 | 5,654 | 35,820 |
| Other comprehensive income/(loss): | | | |
| Items that may be subsequently reclassified to profit or loss | | | |
| Gain on revaluation of land | - | - | 2,450 |
| Currency translation differences | (13) | (7) | (201) |
| Total comprehensive income for the year | 8,216 | 5,661 | 38,069 |
| Attributable To: | | | |
| Owners of the parent company | 8,216 | 5,661 | 38,069 |



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 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 November 30, 2019, and have been consistently applied to all periods presented, unless otherwise stated.
- The Group has applied IFRS 16 Leases and has not restated prior periods as allowed by the standard. The Group has recognised the present value of the remaining lease payments as lease liabilities (Non Current \$ 235.4M and Current \$44.6M) and the right of use asset at \$277.8M.



CONSOLIDATED BALANCE SHEET

| | 29 February 2020 | 28 February 2019 | 30 November 2019 |
|---|---------------------|---------------------|---------------------|
| | (UNAUDITED) | (UNAUDITED) | (AUDITED) |
| | \$ '000 | \$ '000 | \$ '000 |
| ASSETS | | | |
| Property, plant and equipment | 325,982 | 288,098 | 298,095 |
| Right-of-use assets | 277,846 | - | - |
| Other intangible assets | 81,696 | 80,384 | 81,323 |
| Current assets | 169,285 | 139,015 | 155,298 |
| Total assets | 854,809 | 507,497 | 534,716 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 23,759 | 23,759 | 23,759 |
| Other reserves | 26,682 | 24,453 | 26,695 |
| Retained earnings | 276,671 | 257,875 | 268,442 |
| | 327,112 | 306,087 | 318,896 |
| Treasury shares | (10,938) | (11,284) | (10,938) |
| Total equity | 316,174 | 294,803 | 307,958 |
| Non-current liabilities - lease liabilities | 235,418 | - | - |
| Other non current liabilities | 73,166 | 48,088 | 63,560 |
| Current liabilities - lease liabilities | 44,640 | - | - |
| Other current liabilities | 185,411 | 164,606 | 163,198 |
| Total liabilities | 538,635 | 212,694 | 226,758 |
| Total equity and liabilities | 854,809 | 507,497 | 534,716 |

CONSOLIDATED CASHFLOW STATEMENT

| | 29 February 2020 | 28 February 2019 | 30 November 2019 |
|---|---------------------|---------------------|---------------------|
| | (UNAUDITED) | (UNAUDITED) | (AUDITED) |
| | \$ '000 | \$ '000 | \$ '000 |
| Cash flow from operating activities | | | |
| Cash generated from operations | 68,763 | 17,234 | 123,712 |
| Interest paid | (4,978) | (1,282) | (5,069) |
| Income tax paid | (4,135) | (28) | (14,820) |
| Net cash generated from operating activities | 59,650 | 15,924 | 103,823 |
| Net cash used in investing activities | (40,608) | (20,255) | (67,350) |
| Net cash (used in) from financing activities | (827) | 1,301 | (22,564) |
| Net increase/(decrease) in cash and cash equivalents | 18,215 | (3,030) | 13,909 |
| Cash and cash equivalents at the beginning of the year | 64,290 | 50,381 | 50,381 |
| Cash and cash equivalents at the end of the period | 82,505 | 47,351 | 64,290 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Other Reserves | Retained Earnings | Total | Treasury Shares | Total Equity |
|---|------------------|-------------------|----------------------|-----------------|--------------------|-----------------|
| | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 | \$ '000 |
| Balance at 1 December 2018 | 23,759 | 24,446 | 252,221 | 300,426 | (11,284) | 289,142 |
| Comprehensive income | | | | | | |
| Profit for the year | -- | -- | 35,820 | 35,820 | -- | 35,820 |
| Other comprehensive income/(loss) | | | | | | |
| Revaluation surplus | -- | 2,450 | -- | 2,450 | -- | 2,450 |
| Currency translation differences | -- | (201) | -- | (201) | -- | (201) |
| Total comprehensive income for the year | -- | 2,249 | 35,820 | 38,069 | -- | 38,069 |
| Transactions with owners | | | | | | |
| Transfer of treasury shares | -- | -- | -- | -- | 346 | 346 |
| Net dividends for 2018 | -- | -- | -- | -- | -- | -- |
| -Paid 20 cents per share | -- | -- | (12,247) | (12,247) | -- | (12,247) |
| Net dividends for 2019 | -- | -- | -- | -- | -- | -- |
| -Paid 12 cents per share | -- | -- | (7,352) | (7,352) | -- | (7,352) |
| Total transactions with owners | -- | -- | (19,599) | (19,599) | 346 | (19,253) |
| Balance at 30 November 2019 | 23,759 | 26,695 | 268,442 | 318,896 | (10,938) | 307,958 |
| Balance at 1 December 2019 | 23,759 | 26,695 | 268,442 | 318,896 | (10,938) | 307,958 |
| Comprehensive income | | | | | | |
| Profit for the period | -- | -- | 8,229 | 8,229 | -- | 8,229 |
| Other comprehensive loss | | | | | | |
| Currency translation differences | -- | (13) | -- | (13) | -- | (13) |
| Total comprehensive (loss)/income for the period | -- | (13) | 8,229 | 8,216 | -- | 8,216 |
| Balance at 29 February 2020 | 23,759 | 26,682 | 276,671 | 327,112 | (10,938) | 316,174 |