

# UNAUDITED INTERIM RESULTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020



## CHAIRMAN'S REVIEW

West Indian Tobacco has recorded Profit Before Taxation of \$432.3 million, for the nine-month period ended 30 September 2020, representing a decline of \$20.8 million or 4.6% less than the corresponding period in 2019. Profit for the period is \$301.7 million reflecting a decline of \$13.5 million or 4.3% less than 2019.

The Company's performance continues to reflect the impact of COVID-19 on the Business. Of note is the ongoing disruption in Distribution caused by the "stay at home" measures and the regulation of the entertainment channels, with regard to occupancy levels and operating times. Nevertheless, our Route to Market processes have been adapted to the new way of work which continue to drive efficiencies and ensure our products are available to all our Customers.

The Health and Safety of Employees, as well as our contractors, continues to be of paramount importance as we continue to navigate the risks associated with COVID-19 Pandemic. The Company has been in complete compliance with all public health regulations and supports the efforts of the Government of Trinidad and Tobago in managing this crisis.

Notwithstanding the continued uncertainty with COVID-19 and the challenging economic environment, the Board has approved the payment of an interim dividend of \$0.39 per ordinary share payable on 23 November 2020 to Shareholders on record at close of business on 04 November 2020.

The Register of Shareholders will be closed on 05 and 06 November 2020 for the processing of transfers.

**Anthony E Phillip**  
Chairman  
23 October 2020

## CONDENSED STATEMENT OF FINANCIAL POSITION

	UNAUDITED 30.09.20 TT\$'000	UNAUDITED 30.09.19 TT\$'000	AUDITED 31.12.19 TT\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	248,822	244,767	248,485
Deferred income tax asset	12,614	19,992	13,294
	<u>261,436</u>	<u>264,759</u>	<u>261,779</u>
<b>Current assets</b>			
Inventories	38,119	34,810	36,627
Trade and other receivables	89,397	98,819	79,893
Taxation recoverable	4,917	7,189	5,071
Cash and cash equivalents	360,403	264,734	300,018
	<u>492,836</u>	<u>405,552</u>	<u>421,609</u>
<b>Total assets</b>	<u>754,272</u>	<u>670,311</u>	<u>683,388</u>
<b>EQUITY</b>			
Share capital	42,120	42,120	42,120
Revaluation surplus	60,123	61,074	60,836
Retained earnings	437,569	334,221	348,298
<b>Total equity</b>	<u>539,812</u>	<u>437,415</u>	<u>451,254</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liability	37,704	38,703	40,281
Retirement benefit obligation	33,333	50,158	37,161
Post-employment medical benefit obligation	3,088	2,964	3,652
Lease Liabilities	1,084	3,356	2,953
	<u>75,209</u>	<u>95,181</u>	<u>84,047</u>
<b>Current liabilities</b>			
Trade and other payables	89,179	91,739	99,348
Due to parent company	4,769	2,721	7,345
Dividends payable	44,397	41,949	38,816
Taxation payable	-	-	1,953
Lease Liabilities	906	1,306	625
	<u>139,251</u>	<u>137,715</u>	<u>148,087</u>
<b>Total liabilities</b>	<u>214,460</u>	<u>232,896</u>	<u>232,134</u>
<b>Total equity and liabilities</b>	<u>754,272</u>	<u>670,311</u>	<u>683,388</u>

**Anthony E Phillip**  
Chairman

**Laurent Meffre**  
Managing Director

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	UNAUDITED Three Months Ended 30.09.20 TT\$'000	UNAUDITED Three Months Ended 30.09.19 TT\$'000	UNAUDITED Nine Months Ended 30.09.20 TT\$'000	UNAUDITED Nine Months Ended 30.09.19 TT\$'000
<b>Revenue</b>	<b>237,866</b>	<b>232,549</b>	<b>659,300</b>	<b>702,555</b>
Cost of sales	(60,243)	(53,562)	(154,419)	(157,576)
<b>Gross profit</b>	<b>177,623</b>	<b>178,987</b>	<b>504,881</b>	<b>544,979</b>
Distribution costs	(2,835)	(4,317)	(6,957)	(10,672)
Administrative expenses	(18,256)	(20,614)	(53,185)	(60,629)
Other operating expenses	(2,041)	(2,453)	(13,277)	(22,512)
<b>Operating profit</b>	<b>154,491</b>	<b>151,603</b>	<b>431,462</b>	<b>451,166</b>
Finance income	98	725	1,141	2,352
Finance costs	(84)	(131)	(265)	(391)
<b>Profit before taxation</b>	<b>154,505</b>	<b>152,197</b>	<b>432,338</b>	<b>453,127</b>
Taxation	(46,434)	(47,147)	(130,675)	(137,916)
<b>Profit for the period</b>	<b>108,071</b>	<b>105,050</b>	<b>301,663</b>	<b>315,211</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurement of retirement and post-employment benefit obligations - net of tax	(11)	(2)	407	(5)
<b>Other comprehensive income - net of tax</b>	<b>84,230</b>	<b>(2)</b>	<b>407</b>	<b>(5)</b>
<b>Total comprehensive income for the year</b>	<b>192,301</b>	<b>105,048</b>	<b>302,070</b>	<b>315,206</b>
<b>Profit attributable to</b>				
Controlling interest	54,174	52,659	151,217	158,008
Non-controlling interest	53,897	52,391	150,446	157,203
	<u>108,071</u>	<u>105,050</u>	<u>301,663</u>	<u>315,211</u>
<b>Total comprehensive income attributable to:</b>				
Controlling interest	96,396	52,658	151,421	158,006
Non-controlling interest	95,905	52,390	150,649	157,200
	<u>192,301</u>	<u>105,048</u>	<u>302,070</u>	<u>315,206</u>
Earnings per ordinary share	\$0.43	\$0.42	\$1.19	\$1.25
Dividends per ordinary share	\$0.39	\$0.39	\$0.93	\$1.06

## CONDENSED STATEMENT OF CASH FLOWS

	UNAUDITED Nine Months Ended 30.09.20 TT\$'000	UNAUDITED Nine Months Ended 30.09.19 TT\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	432,338	453,127
Adjustments for:		
Depreciation	8,705	8,459
Loss on disposal of property, plant and equipment	15	357
Net (decrease) in retirement and other post-employment benefit obligations excluding actuarial losses	(4,439)	(3,040)
Interest income	(1,141)	(2,352)
Interest Expense	265	391
<b>Operating profit before working capital changes</b>	<b>435,743</b>	<b>456,942</b>
Changes in working capital:		
(Increase)/Decrease in inventories	(1,492)	13,897
(Increase) in trade and other receivables	(9,504)	(24,350)
(Decrease) in trade and other payables	(4,893)	(16,254)
(Decrease) in due to parent company	(2,576)	(1,032)
(Decrease)/Increase in Lease Liabilities	(1,588)	4,662
<b>Cash generated from operating activities</b>	<b>415,690</b>	<b>433,865</b>
Taxation paid	(139,192)	(150,422)
<b>Net cash from operating activities</b>	<b>276,498</b>	<b>283,443</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,056)	(15,327)
Interest received	1,141	2,352
Interest Expense	(265)	(391)
<b>Net cash used in investing activities</b>	<b>(8,180)</b>	<b>(13,366)</b>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Dividends paid	(207,932)	(290,213)
<b>Net Cash Used In Financing Activities</b>	<b>(207,932)</b>	<b>(290,213)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>60,386</b>	<b>(20,136)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>300,018</b>	<b>284,870</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>360,404</b>	<b>264,734</b>
<b>Represented by:</b>		
Cash at bank and in hand	218,244	163,475
Short-term deposits	142,160	101,259
	<u>360,404</u>	<u>264,734</u>

# UNAUDITED INTERIM RESULTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020



## CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital TT\$'000	Revaluation Surplus TT\$'000	Retained Earnings TT\$'000	Shareholders' Equity TT\$'000
<b>Unaudited nine months ended 30 September 2020</b>				
Balance at 1 January 2020	42,120	60,836	348,298	451,254
<b>Comprehensive income</b>				
Profit for the year	-	-	301,663	301,663
<b>Other comprehensive income</b>				
Remeasurement of retirement and post-employment benefit obligations - net of tax	-	-	407	407
Depreciation transfer on buildings - net of tax	-	(713)	713	-
<b>Transactions with owners</b>				
Dividends	-	-	(213,512)	(213,512)
<b>Balance at 30 September 2020</b>	<b>42,120</b>	<b>60,123</b>	<b>437,569</b>	<b>539,812</b>
<b>Unaudited Nine Months Ended 30 September 2019</b>				
Balance at 1 January 2019	42,120	61,786	309,771	413,677
<b>Comprehensive income</b>				
Profit for the year	-	-	315,211	315,211
<b>Other comprehensive income</b>				
Remeasurement of retirement and post-employment benefit obligations - net of tax	-	-	(5)	(5)
Depreciation transfer on buildings - net of tax	-	(712)	712	-
<b>Transactions with owners</b>				
Dividends	-	-	(291,468)	(291,468)
<b>Balance at 30 September 2019</b>	<b>42,120</b>	<b>61,074</b>	<b>334,221</b>	<b>437,415</b>

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020

### Note 1: General Information

The West Indian Tobacco Company Limited is incorporated in the Republic of Trinidad and Tobago. The Company is listed on the Trinidad and Tobago Stock Exchange. The address of the registered office is Corner Eastern Main Road and Mount D'Or Road, Champs Fleurs, Trinidad, West Indies. It is a subsidiary of British American Tobacco (Investments) Limited, a company registered in the United Kingdom. Its ultimate parent company is British American Tobacco p.l.c., a company registered in the United Kingdom.

The principal business activities of the Company are the manufacture and sale of cigarettes.

This condensed consolidated financial information was approved for issue on 23 October 2020.

### Note 2: Basis of Preparation

This condensed consolidated financial information for the three month period ended 30 September 2020, has been prepared in accordance with International Accounting Standard 34 (IAS34), 'Interim Financial Reporting as well as the requirements of the Securities Act 2012 which goes beyond IAS 34. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

### Note 3: Significant Accounting Policies

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with International Financial Reporting Standards (IFRS).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements with the exception of taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

### Note 4: Segment Information

Primary reporting format – geographical segment

	Domestic TT\$'000	CARICOM TT\$'000	Unallocated TT\$'000	Total TT\$'000
<b>Nine months Ended 30 September 2020</b>				
Revenue	583,139	76,161	-	659,300
Gross Profit	491,191	13,690	-	504,881
Profit for the year includes:				
- Depreciation			(8,705)	(8,705)
<b>Nine months Ended 30 September 2019</b>				
Revenue	625,488	77,067	-	702,555
Gross Profit	536,930	8,049	-	544,979
Profit for the year includes:				
- Depreciation			(8,459)	(8,459)
<b>Total Segment assets</b>				
30 September 2020	89,818	37,698	626,756	754,272
30 September 2019	106,408	27,220	536,683	670,311
Total segment assets include additions to property, plant and equipment as follows:				
30 September 2020			9,056	9,056
30 September 2019			15,327	15,327

The Company is organised and managed on the basis of two geographic regions, namely the Domestic market and the CARICOM market. These are the reportable segments for the Company as they form the focus of the Company's internal reporting systems and are the basis used by the Managing Director and the local management team, as the chief operating decision makers, for assessing performance and allocating resources.

The Company is a single product business providing cigarettes. While the Company has clearly differentiated brands, segmentation among a wide portfolio of brands is not part of the regular internally reported financial information.

The prices agreed between related parties for sale of manufactured goods are based on normal commercial practices between independent businesses. Charges for royalties, commissions, purchases, services and fees are also based on the principles of normal commercial practice between independent businesses.

With the exception of the Domestic market, no other individual country within the CARICOM market contributes more than 10% of total revenue. Information is analysed by segment only where relevant and applicable. Where there is no logical allocation basis, items have been disclosed as unallocated.

### Note 5: Initial Application of IFRS 16 Leases

As of 1 January 2019, IFRS 16, "Leases", amended the recognition of lease contracts so that the rent payments for the remaining term of the lease period are recognised in the statement of financial position at their present value as both assets and liabilities, and period rent expenses are not recognised in income statement, instead of that the depreciation and interest expense are recognised in the income statement. The Company has applied IFRS 16 Leases and has not restated prior periods as allowed by the Standard. The Company has recognised the present value of the remaining lease payments as the lease liabilities (Non Current \$1 million and Current \$0.9 million) and right-of-use assets (\$3.7 million) for material leases previously classified as operating leases. On initial application, the Company applied the incremental borrowing rate of 9.25% on the lease liability.

	30.09.20 TT\$'000	30.09.19 TT\$'000
<b>Note 6: Related Party Transactions</b>		
<b>Sale of Goods and Services:</b>		
Sale of Goods - Related Parties	76,161	77,068
<b>Purchase of Goods and Services:</b>		
Purchase of Goods - Related Parties	38,727	40,351
Purchase of Services - Related Parties	37,452	46,501
Purchase of Services - Parent Company	27,953	25,283
<b>Period end balances arising from sales/purchases of goods and services:</b>		
Receivables from Related Parties	19,777	11,640
Payables to Related Parties	19,133	18,761
Payables to Parent Company	4,769	2,721
<b>Key Management Compensation</b>		
Salaries and other short-term employee benefits	6,251	5,777
Post-retirement medical obligations	4	2
Post-retirement benefits	347	605
<b>Note 7: Capital Commitments</b>		
Authorised and contracted for, and not provided for in the financial statements	3,708	6,653
<b>Note 8: Contingent Liabilities</b>		
Customs & Immigration Bonds	16,937	16,900

### Note 9: Dividends Paid on Ordinary Shares

An interim dividend of \$0.39 per share (2019: \$0.39 per share) was approved by the Board of Directors on 23 October 2020 and will be paid to shareholders of record as at 04 November 2020 on 23 November 2020. This interim dividend, amounting to \$98,560,800(2019: \$99,403,200) has not been recognised in these interim financial statements. It will be recognised in shareholders' equity in the year to 31 December 2020.