

Highlights of the Audited Consolidated Financial Statements for the Year Ended 30th September 2017

CHAIRMAN'S STATEMENT FOR YEAR END RESULTS 2017

Despite setbacks and challenges faced, the Massy Group of companies performed well in the 2017 Financial Year. The Group remains financially strong with market-leading positions in its core industries. In FY 2017, the Group's Third Party Revenue grew by 2% despite the economic slowdown in its two key markets: Trinidad and Tobago and Barbados. With the insurance losses from hurricanes Irma and Maria, the Group's Profit Before Tax (PBT) from Continuing Operations declined by 15% from FY 2016. The sale of Massy Communications crystallized a further (Discontinued Operations) loss of \$68 million and with an increased corporate tax rate in Trinidad and Tobago, the Group's Profit After Tax (PAT) declined from \$536 million to \$412 million. Despite these extraordinary events, the Group's balance sheet and profit making engines remain strong. Debt-to-Debt plus Equity Ratio decreased from 32% in 2016 to 31%. Cash flow from Operating activities was \$1.3 billion. Group Cash declined from \$2 billion to \$1.6 billion, as \$573 million in surplus cash was moved to longer term investments to improve the yield.

During 2017, the Group continued to progress its geographic expansion and diversification with another acquisition of car dealerships in Colombia. The acquisition of Grupo Automotora brought four car dealerships in Medellín and two car dealerships in Bogotá to the Group and more than doubled the Group's

annual car sales in Colombia. The Group also strengthened its relationships with ExxonMobil and international offshore infrastructure provider, SBM Offshore, to best position the Massy Group of companies in Guyana to serve these international operators as they move into the development and production phases of their projects.

The current economic challenges are providing additional urgency to the Group's focus on efficiency and cost effectiveness. To this end, the Group has engaged consultants to guide us through a project to centralize the procurement of goods and services across the Group. The Group is also embarking on diagnostic and benchmarking exercises to create Shared Service centres within the Group for Finance and Accounting, Payroll, IT, Procurement and HR.

Going forward, the Group will focus its acquisition and investment activities on its core industries in which it has competitive strengths: Integrated Retail, Automotive Distributorships and Dealerships, Industrial Gases and other plant operations.

While the current economic difficulties in Trinidad and Tobago have created challenges for accessing foreign exchange, through demand management and

sourcing diversification strategies, the Group has been able to continue paying its suppliers.

Despite the challenging year and continuing economic difficulties, given the strength of the Group's Operating Cash Flow and Cash position, a final dividend of \$1.58 was declared, which, when added to the interim dividend of \$0.52, gives a total dividend for the year of \$2.10, equivalent to dividends paid in FY 2016. This dividend is a 4.4% return on the share price at the time of preparing this report and represents a Dividend Payout Ratio of 55% of the Group's Earnings in 2017. Although this is higher than the Group's historical payout ratio, this dividend declaration is based on the Board's confidence in the Group's future performance.



**Robert Bermudez, Chairman
December 20, 2017**

CONSOLIDATED INCOME STATEMENT For the Year Ended 30th September 2017

	AUDITED THREE MONTHS ENDED		AUDITED TWELVE MONTHS ENDED	
	30-Sep-17 TT\$'000	30-Sep-16 TT\$'000 (Restated)	30-Sep-17 TT\$'000	30-Sep-16 TT\$'000 (Restated)
Continuing Operations:				
Revenue	2,923,528	2,853,366	11,763,669	11,514,056
Operating profit after finance costs	122,392	269,024	685,299	855,860
Share of results of associates and joint ventures	21,956	15,618	68,993	29,289
Profit before tax	144,348	284,642	754,292	885,149
Income tax expense	(54,942)	(81,193)	(274,465)	(272,260)
Profit for the period from continuing operations	89,406	203,449	479,827	612,889
Discontinued Operations:				
Loss for the period from discontinued operations	4,337	(56,784)	(67,986)	(76,729)
Profit for the period	93,743	146,665	411,841	536,160
Owners of the parent:				
Profit for the period from continuing operations	80,820	191,861	435,555	566,847
Loss for the period from discontinued operations	4,531	(52,960)	(59,327)	(68,290)
Profit attributable to owners of the parent	85,351	138,901	376,228	498,557
Non-controlling interests:				
Profit for the period from continuing operations	8,586	11,588	44,272	46,042
Loss for the period from discontinued operations	(194)	(3,824)	(8,659)	(8,439)
Profit attributable to non-controlling interests	8,392	7,764	35,613	37,603
Profit for the period	93,743	146,665	411,841	536,160
Earnings per share attributable to the owners of the parent (\$/cents):				
Basic (loss)/earnings per share	0.83	1.96	4.46	5.80
– from continuing operations	0.04	(0.54)	(0.61)	(0.70)
– from discontinued operations	0.87	1.42	3.85	5.10

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30th September 2017

	AUDITED 30-Sep-17 TT\$'000	AUDITED 30-Sep-16 TT\$'000
Assets		
Non-current assets		
Property, plant and equipment	2,730,670	2,788,132
Investments in associates and joint ventures	239,305	244,963
Financial assets	859,655	737,713
Other non-current assets	1,174,076	1,097,949
	5,003,706	4,868,757
Current assets		
Cash and cash equivalents	1,565,945	2,030,126
Other current assets	6,707,480	4,141,946
	8,273,425	6,172,072
Total assets	13,277,131	11,040,829
Equity and Liabilities		
Capital and reserves attributable to owners of the parent	4,922,365	4,789,943
Non-controlling interests	240,882	258,349
Total equity	5,163,247	5,048,292
Non-current liabilities		
Borrowings	1,905,591	1,870,654
Deferred tax liabilities	234,485	224,168
Other non-current liabilities	604,832	623,252
	2,744,908	2,718,074
Current liabilities		
Borrowings	356,355	347,239
Other current liabilities	5,012,621	2,927,224
	5,368,976	3,274,463
Total equity and liabilities	13,277,131	11,040,829

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30th September 2017

	AUDITED TWELVE MONTHS ENDED	
	30-Sep-17 TT\$'000	30-Sep-16 TT\$'000
Profit for the year	411,841	536,160
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
– remeasurement of defined benefit pension plans	(28,406)	5,190
	(28,406)	5,190
Items that may be subsequently reclassified to profit or loss		
– available for sale financial assets	171	(440)
– currency translation differences	(9,325)	147,363
	(9,154)	146,923
Other comprehensive (loss)/income for the year, net of tax	(37,560)	152,113
Total comprehensive income for the period	374,281	688,273
Attributable to:		
– owners of the parent	338,542	637,051
– non-controlling interests	35,739	51,222
Total comprehensive income for the period	374,281	688,273

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Year Ended 30th September 2017

	AUDITED TWELVE MONTHS ENDED	
	30-Sep-17 TT\$'000	30-Sep-16 TT\$'000
Balance at the beginning of the year	4,789,943	4,353,957
Profit attributable to owners of the parent	376,228	498,557
Remeasurement of defined benefit pension plans	(28,406)	5,190
Dividends paid	(206,237)	(205,260)
Other reserve movements	(9,163)	137,499
	4,922,365	4,789,943

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended 30th September 2017

	AUDITED TWELVE MONTHS ENDED	
	30-Sep-17 TT\$'000	30-Sep-16 TT\$'000
Cash flows from operating activities		
Operating Profit	685,299	855,860
Operating Losses from discontinued operations	(67,986)	(33,892)
Dividends from associates and joint ventures	49,154	40,421
Adjustments for non-cash items	446,826	314,495
Operating profit before working capital changes	1,113,293	1,176,884
Net working capital changes	211,606	115,493
Tax payments	(247,145)	(229,834)
Cash flows from operating activities	1,077,754	1,062,543
Investing activities	(1,055,091)	(511,383)
Financing activities	(510,597)	(197,166)
(Decrease)/increase in short-term funds	(487,934)	353,994

SEGMENT INFORMATION \$ (TT'000) CONTINUING OPERATIONS	Automotive and Industrial Equipment	Integrated Retail	Financial Services	Energy and Industrial Gases	ITC (Restated)	Other Investments	Head Office and Other Adjustments	Total (Restated)
Year Ended 30th September 2017								
Group revenue	2,519,381	7,006,398	555,977	1,001,038	620,083	558,448	41,880	12,303,205
Inter-segment revenue	(32,691)	(333,639)	(2,124)	(15,795)	(36,346)	(77,061)	(41,880)	(539,536)
Third party revenue	2,486,690	6,672,759	553,853	985,243	583,737	481,387	–	11,763,669
Operating profit/(loss) before finance costs – net	191,359	368,336	620	125,903	96,736	73,977	(116,028)	740,903
Finance costs – net	(21,919)	(29,402)	17,444	5,531	(4,391)	4,330	(27,197)	(55,604)
Operating profit/(loss) after finance costs	169,440	338,934	18,064	131,434	92,345	78,307	(143,225)	685,299
Share of results of associates and joint ventures	–	–	–	68,851	–	142	–	68,993
Profit before income tax	169,440	338,934	18,064	200,285	92,345	78,449	(143,225)	754,292
Year Ended 30th September 2016								
Group revenue	2,336,157	7,114,679	533,890	1,033,312	591,720	544,169	1,344	12,155,271
Inter-segment revenue	(124,628)	(360,808)	(3,261)	(37,364)	(39,051)	(74,759)	(1,344)	(641,215)
Third party revenue	2,211,529	6,753,871	530,629	995,948	552,669	469,410	–	11,514,056
Operating profit/(loss) before finance costs – net	218,626	354,120	78,442	170,826	93,591	89,691	(96,332)	908,964
Finance costs – net	(14,534)	(33,286)	19,512	2,408	(6,981)	(832)	(19,391)	(53,104)
Operating profit/(loss) after finance costs	204,092	320,834	97,954	173,234	86,610	88,859	(115,723)	855,860
Share of results of associates and joint ventures	–	–	–	29,001	(1,279)	1,567	–	29,289
Profit before income tax	204,092	320,834	97,954	202,235	85,331	90,426	(115,723)	885,149

	Group Revenue		Inter-Segment		Third Party Revenue		Profit before Tax	
	Sep-17	Sep-16 (Restated)	Sep-17	Sep-16 (Restated)	Sep-17	Sep-16 (Restated)	Sep-17	Sep-16 (Restated)
Trinidad and Tobago	5,384,985	5,797,036	(128,186)	(229,803)	5,256,799	5,567,233	493,700	509,605
Barbados	2,906,883	2,972,529	(277,013)	(282,805)	2,629,870	2,689,724	109,088	211,426
Eastern Caribbean	1,258,227	1,167,442	(9,765)	–	1,248,462	1,167,442	90,659	75,796
Guyana	908,706	854,981	(13,259)	(33,325)	895,447	821,656	130,323	118,648
Jamaica	673,357	690,251	(5,636)	(3,961)	667,721	686,290	74,014	63,721
Colombia	980,014	524,640	–	–	980,014	524,640	(7,269)	18,554
Other	191,033	148,392	(105,677)	(91,321)	85,356	57,071	7,002	3,122
Head Office and Other adjustments	–	–	–	–	–	–	(143,225)	(115,723)
	12,303,205	12,155,271	(539,536)	(641,215)	11,763,669	11,514,056	754,292	885,149

Notes:

All monetary amounts are stated in Trinidad and Tobago dollars. Highlights of the Audited Consolidated Financial Statements (Highlights) have been prepared in accordance with International Financial Reporting Standards. The Highlights do not include all information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Group's Annual Financial Statements as at 30th September 2017. For comparative purposes, adjustments and reclassifications to the prior year have been made to conform to the current year reporting. These financial highlights can be accessed online at www.massygroup.com.