

CHAIRMAN'S STATEMENT



Trinidad and Tobago NGL Limited

Trinidad and Tobago NGL Limited ("TTNGL"/"Company") recorded after tax profits of TT\$30.0 million which translated into earnings per share of TT\$0.19 for the nine months ended 30 September 2020.

The 2019 novel coronavirus (COVID-19) pandemic continues to have a profound impact on the worldwide economy, and by extension, the global energy industry. The pandemic has negatively impacted crude oil prices, resulting in a sharp decline in demand for most petroleum products. This has caused producers to curtail production prompting deterioration in pricing experienced since Q1 2020. During Q2 2020, prices remained suppressed as the sustained impact of COVID-19 continued to negatively influence most petroleum-based economies globally. In the short term, forecasts remain subject to heightened levels of uncertainty as mitigation and reopening efforts related to COVID-19 continue to evolve.

During this period, companies worldwide were forced to implement quick changes and adapt to new production schedules based on the slower international supply chain, reduced manpower at processing facilities and implementation of new COVID-19 safety measures, as the world grappled with finding ways to limit the spread of the disease. Phoenix Park Gas Processors Limited ("PPGPL"), TTNGL's underlying asset and a member of The NGC Group of Companies, continued to implement precautionary measures to ensure the health and safety of its employees including remote working for office-based employees and contractors, and enhanced health and safety protocols for onsite critical employees who were required to work on location.

Thus, TTNGL experienced the effects of the pandemic via PPGPL's performance. The Company's results were lower than the corresponding period in 2019. This was a direct consequence of the reduced Mont Belvieu NGL prices and the reduced gas processing volumes due to a curtailment in gas demand from petrochemical producers at Point Lisas. PPGPL recorded averages of 37.8% lower product prices, 17.3% lower processing volumes and 11.4% lower NGL production than the same period in 2019. These figures resulted in TTNGL recording after tax profits of TT\$30.0 million, which translated into earnings per share of TT\$0.19 for the nine months ended 30 September 2020.

However, the impact of combined lower NGL prices, volumes, and production, was mitigated by a 10.4% improvement in NGL content in the gas stream and a 19.6% higher price differential during the reporting period. This reflects PPGPL's strong competitive position in the markets it serves, despite the impact of COVID-19. This position was further strengthened by the continued strong demand for PPGPL's products, which has remained relatively steady since the onset of the pandemic.

Demand for propane and butane ("LPG") continued solidly, as the need for cooking gas remained relatively stable. With this constant demand and lower supply arising from production cuts, natural gas liquid ("NGL") prices rebounded slightly in Q3 2020 - a trend which has continued into Q4 2020. It is expected that Q4 NGL product prices will remain flat with Q3, even though natural gasoline prices remained relatively stable during Q3, and US Henry Hub gas prices averaging above \$2.75/MMBTU despite the drastic decline in the level of transportation arising from the pandemic.

PPGPL's North American NGL operations through its subsidiary Phoenix Park Energy Holdings ("PPEH"), continued to deliver positive results, with earnings from this segment positively contributing to PPGPL's results in 2020. This operation has resulted in the identification and development of new growth opportunities along the NGL value chain in North America and the Caribbean.

Notwithstanding a challenging market context and operating environment, the Board of Directors ("Board") of TTNGL remains cautiously optimistic about the future and its investment in PPGPL. The Board thanks the employees of The NGC Group of Companies for their commitment and admirable performance and owes a debt of gratitude to the loyal shareholders for their unwavering support during these challenging and unprecedented times.

Conrad Enill, Chairman:

SUMMARY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

TT\$'000	UNAUDITED		UNAUDITED		AUDITED
	Three months ended 30 Sep 2020 \$'000	Three months ended 30 Sep 2019 \$'000	Nine months ended 30 Sep 2020 \$'000	Nine months ended 30 Sep 2019 \$'000	Year ended 31 Dec 2019 \$'000
Income					
Share of profit from investment in joint venture	15,835	6,627	30,770	80,415	90,258
Interest Income	54	92	182	313	388
Foreign exchange gain	-	272	117	1,009	923
Total income	15,889	6,991	31,069	81,737	91,569
Expenses					
Impairment reversal	-	-	-	-	40,005
Legal and professional fees	(201)	(122)	(662)	(757)	(1,056)
Other expenses	(260)	(211)	(450)	(577)	(702)
Profit before tax	15,428	6,658	29,957	80,403	129,816
Income tax expense	(1)	(7)	(2)	(307)	(308)
Profit for the period	15,427	6,651	29,955	80,096	129,508
Other comprehensive income:					
Exchange translation differences, net of tax	10,975	(6,998)	142	(23,419)	(9,245)
Other comprehensive income/(loss)	10,975	(6,998)	142	(23,419)	(9,245)
Total comprehensive income/(loss)	26,402	(347)	30,097	56,677	120,263
Earnings per share					
Basic (dollars per share)	0.10	0.04	0.19	0.52	0.84

SUMMARY STATEMENT OF FINANCIAL POSITION

TT\$'000	UNAUDITED		AUDITED
	30 Sep 2020 \$'000	30 Sep 2019 \$'000	31 Dec 2019 \$'000
Non-current assets			
Investment in joint venture	3,165,461	3,071,247	3,134,488
Total non-current assets	3,165,461	3,071,247	3,134,488
Current assets			
Tax recoverable	341	315	315
Cash and cash equivalents	107,769	146,653	147,073
Total current assets	108,110	146,968	147,388
Total assets	3,273,571	3,218,215	3,281,876
Equity			
Share capital	2,772,120	2,772,120	2,772,120
Translation reserve	153,577	139,261	153,435
Retained earnings	346,840	306,313	355,585
Total shareholders' equity	3,272,537	3,217,694	3,281,140
Current liabilities			
Due to parent company/related party	270	38	119
Trade and other payables	764	483	617
Total liabilities	1,034	521	736
Total equity and liabilities	3,273,571	3,218,215	3,281,876

SUMMARY STATEMENT OF CHANGES IN EQUITY

TT\$'000	Share capital \$'000	Translation reserve \$'000	Retained earnings \$'000	Total equity \$'000
Unaudited nine months ended 30 September 2020				
Balance at 1 January 2020	2,772,120	153,435	355,585	3,281,140
Profit for the period	-	-	29,955	29,955
Other comprehensive income	-	142	-	142
Dividends	-	-	(38,700)	(38,700)
Balance at 30 September 2020	2,772,120	153,577	346,840	3,272,537
Unaudited nine months ended 30 September 2019				
Balance at 1 January 2019	2,772,120	162,680	458,417	3,393,217
Profit for the period	-	-	80,096	80,096
Other comprehensive loss	-	(23,419)	-	(23,419)
Dividends	-	-	(232,200)	(232,200)
Balance at 30 September 2019	2,772,120	139,261	306,313	3,217,694
Audited year ended 31 December 2019				
Balance at 31 December 2018	2,772,120	162,680	458,417	3,393,217
Net impact of adopting IFRS 16 in joint venture	-	-	(140)	(140)
Balance at 01 January 2019	2,772,120	162,680	458,277	3,393,077
Profit for the year	-	-	129,508	129,508
Other comprehensive loss	-	(9,245)	-	(9,245)
Dividends	-	-	(232,200)	(232,200)
Balance at 31 December 2019	2,772,120	153,435	355,585	3,281,140

SUMMARY STATEMENT OF CASH FLOWS

TT\$'000	UNAUDITED		AUDITED
	30 Sep 2020 \$'000	30 Sep 2019 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Profit for the period before taxation	29,957	80,403	129,816
Impairment reversal	-	-	(40,005)
Interest and other investment income	(182)	(313)	(388)
Dividends from joint venture	-	101,573	101,573
Share of income from investment in joint venture	(30,770)	(80,415)	(90,258)
	(995)	101,248	100,738
Increase/(decrease) in amount due to related party	151	(199)	(118)
Increase in trade and other payables	173	458	592
Cash flows from operating activities	(671)	101,507	101,212
Taxation paid	(28)	(307)	(308)
Net cash flow (used in)/generated from operating activities	(699)	101,200	100,904
Cash flows from financing activities			
Dividends paid	(38,700)	(232,200)	(232,200)
Net cash used in financing activities	(38,700)	(232,200)	(232,200)
Cash flows from investing activities			
Interest and other investment income	182	313	388
Net cash generated from investing activities	182	313	388
Net decrease in cash and cash equivalents	(39,217)	(130,687)	(130,908)
Net foreign exchange differences	(87)	(1,546)	(905)
Cash and cash equivalents at 1 January	147,073	278,886	278,886
Cash and cash equivalents at end of period	107,769	146,653	147,073

Chairman:

Director:

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

- Basis of preparation**
These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting". They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements for the year ended 31 December 2019. These condensed interim financial statements have not been audited and were approved by the Board of Directors on 10 November 2020.
- Significant Accounting Policies**
The accounting policies applied in these unaudited condensed interim statements are consistent with those applied in the audited financial statements for the year ended 31 December 2019.
- Currency**
All monetary amounts are stated in Trinidad and Tobago dollars