

# Operating with a Caribbean Heart

As we have embraced true care and human-centred leadership, we have been able to unleash an Energy that drives the performance of our organisation.

## A Message from Our Chief Executive Officer Gervase Warner



### Dear Valued Stakeholders

On February 1, 2023, the Massy Group celebrated its 100-Year Anniversary. This is a significant milestone for the Group. Throughout our 100-year journey, the lessons we've learned along the way, our successes, and the mistakes we've made, have all helped us grow and shape who we are today. We have seen that our approach of love and care, tapping into our "Caribbean Heart", with a disciplined focus on our three main Portfolios, results in stronger engagement and leads to greater prosperity for all.

As part of marking Our100, we have recommitted to an Employee Ownership initiative to ensure that all Massy employees are given an opportunity to own shares in the Group. We believe Massy's success should be everyone's success and we are committed to creating opportunities for our employees to enjoy financial benefits as we expand our global footprint. While, Massy employees in Trinidad & Tobago have long participated in an Employee Stock Ownership Programme (ESOP), we are currently pursuing an initiative to ensure that every employee across all territories has an opportunity to become a vested owner in Massy.

In Jamaica, all employees were granted a gift of United States dollars (US\$) 100 worth of Massy shares in 2023; and we are exploring further initiatives to ensure that all our 13,000+ employees enjoy some ownership stake in the Group.

Our100 also includes "Forces For Good" impact initiatives which empowers our people to lead and determine how and where best our resources would be channelled. Empowering our Massy family to personally select meaningful community projects to receive funding allowed our people to actively participate in shaping their communities. The engagement of our employees across all the territories in which we operate was overwhelmingly positive and resulted in the selection of 47 projects from all 8 countries in which the Group has significant operations. We will report on the impact of these projects as they are pursued and implemented.

We are confident that the strategic actions and organisational transformation over the last several years positions the Massy Group to continue its success and resilience as we forge forth on our new vision for the next 100 years:

### **"A Global Force For Good, An Investment Holding Company with a Caribbean Heart"**

Our 100th year, 2023, was another commendable year for the Group's financial performance and strategic execution. Third Party Revenue grew by 15 percent from Trinidad & Tobago dollars (TT\$)12.3 billion (US\$1.8 billion) in Fiscal Year (FY) 2022 to TT\$14.2 billion (US\$2.1 billion) in FY2023. Profit Before Tax (PBT) from Continuing Operations grew by 24 percent from TT\$995 million (US\$148 million) in FY2022 to TT\$1.2 billion (US\$182 million) in FY2023; and Profit After Tax (PAT) from Continuing Operations grew by 21 percent. All Portfolios recorded double digit growth with acquisitions in FY2023 contributing to incremental growth in the Integrated Retail and Gas Products Portfolios. Growth was also enhanced by the performance of the Divested Funds Portfolio (DFP) and TIRCL investment portfolios which were rebalanced in favour of more conservative fixed income investments versus a heavier weighting in equities for the first half of FY2022. This resulted in a positive improvement of TT\$55 million (US\$8 million) for the Group's results. With acquisitions worth US\$240.5 million in FY2023, the Group's Debt to Equity increased from 25 percent to 46 percent, but the Group maintains TT\$1.3 billion (US\$191 million equivalent) in cash at the end of the year.



## Proud New Shareholders

As part of Our 100 celebrations in Jamaica, Massy employees were gifted US\$100 in Massy shares

## Strategy Update

The Group's Corporate Strategy remains consistent and follows from the new vision statement with three simple components:

- **Growth and Global Expansion**
- **Capital Management to Increase Value for Stakeholders**
- **Operating with a Caribbean Heart**

### Growth and Global Expansion

In FY2023, we successfully closed three significant acquisitions:

- 1 Rowe's IGA Supermarkets: independent supermarket chain of 7 stores in Jacksonville, Florida USA;
- 2 Air Liquide Trinidad & Tobago Ltd: a manufacturer and supplier of industrial and medical gases in Trinidad & Tobago; and
- 3 IGL (St. Lucia) Limited: the parent company of a distributor of LPG, and manufacturer and distributor of industrial and medical gases in Jamaica.



# \$US2.1B

revenue grew by 15% from  
US\$1.8 billion in fiscal 2022

# US\$182M

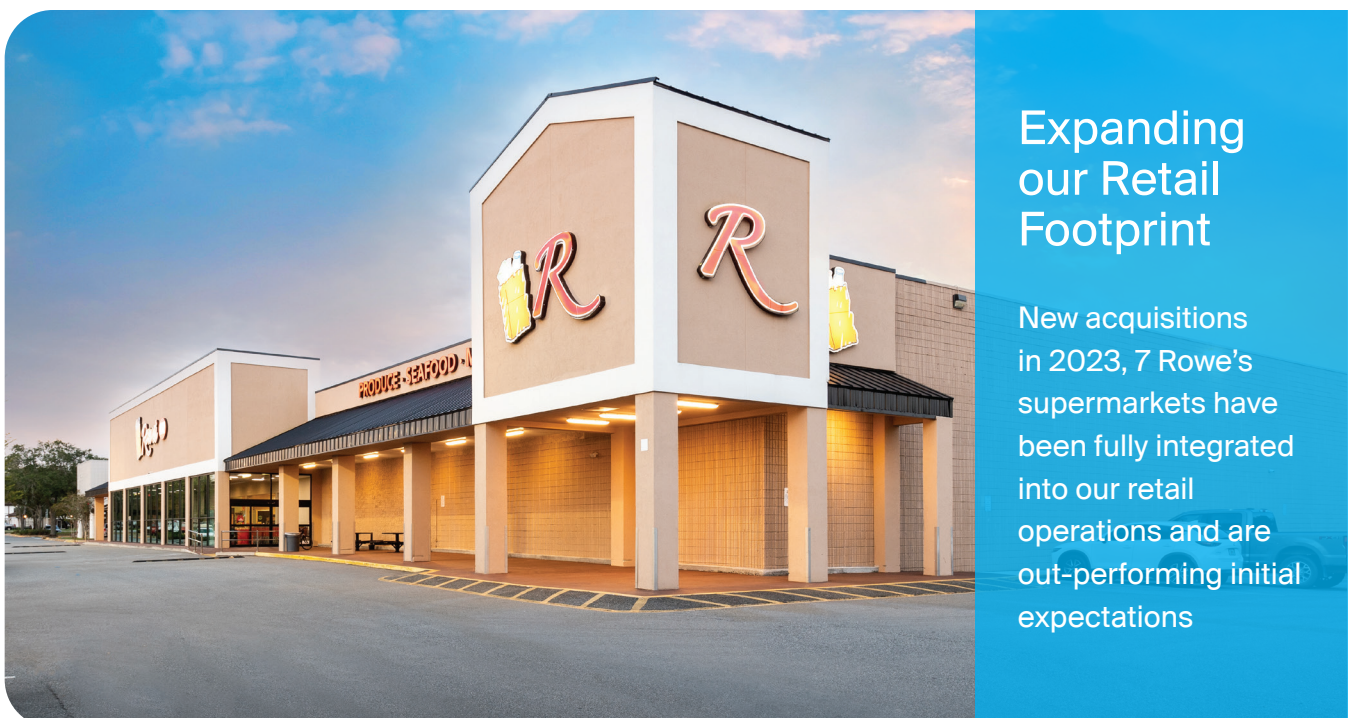
PBT from Continuing Operations grew  
by 24% from US\$148 m in fiscal 2022

# US\$21M

in PBT from three new acquisitions

The Group deployed over US\$240.5 million in capital to consummate these transactions and during the fiscal year. An additional TT\$1.1 billion (US\$158 million) in Revenue and TT\$142 million (US\$21 million) in PBT were derived specifically from the three deals in aggregate. We are actively engaged in efforts to integrate the companies within the Massy Group. These integration efforts are not only focused on capturing the desired synergies for enhanced financial performance, but also on ensuring cultural integration and alignment with our core values for wider stakeholder value creation.

After divesting non-core assets over the past few years, the strategy of focusing the Group on the three Portfolios continues to pay off and these acquisitions demonstrate the benefits of such focus. During the year, we strengthened our commitment to global expansion by executing focused business development activities as well as implementing key structures to sustainably propel this effort. For example, we hosted a Global Expansion Summit in April 2023 which brought together several executives from both the Portfolios and Investment Holding Company for problem-solving and fostering alignment on global expansion. We also conducted roadshows and market visits to specific territories in the US, Europe, and Africa throughout the year to strengthen relationships with key stakeholders including investment bankers, financial advisors, law firms and prospective partners which has already supported the development of our investment opportunity pipeline.



## Expanding our Retail Footprint

New acquisitions in 2023, 7 Rowe's supermarkets have been fully integrated into our retail operations and are out-performing initial expectations



## Bringing New Energy

Our purchase of IGL Jamaica enables greater efficiencies and allows us to better serve the robust and active Jamaican liquified petroleum gas (LPG) market

We commenced the process of developing pitchbooks and investment prospectuses to engage key stakeholders and provide clarity on where each respective Portfolio will focus, not only in terms of participating within industry sub-sectors but also as it relates to geographic coverage. Additionally, we established clear roles between the Investment Holding Company and Portfolios with respect to various phases involved in Merger and Acquisitions (M&A) execution as we continue to source, assess and integrate new acquisitions internationally.

### Capital Management to Increase Value for Stakeholders

**We continue to enhance our approach to capital management to increase returns to shareholders and overall value to our key stakeholders.** As we advance our capabilities to better manage and allocate capital as an evolving global Investment Holding Company, I would like to highlight some areas that are currently being addressed to operationalise this component of our corporate strategy.

Firstly, **unlocking new capital is critical to fuel our growth and global expansion initiative.** Over the last three years, our programmatic divestment initiative provided most of the new capital, and this continued in FY2023, as we

unlocked US\$21.5 million equivalent from the sale of non-core real estate assets in Barbados and Jamaica. As we continually pivot towards greater international investments, the Group will increasingly rely on other sources of capital to fund expansion: free cash flow generated internally by our operations and capital available from external sources. Internally, the Group Corporate Treasury (GCT) function continues to mature, placing greater emphasis on cash management, the tracking and projecting of cash balances across the Group. This has enabled greater transparency on the generation and usage of cash across our operations, allowing the Investment Holding Company to have greater insight on how much capital is available by territory, and crucially in which currency. Externally, we have been strengthening our international network to broaden the channels for raising debt that allows us to lever our equity investments. It should be noted that the three acquisitions mentioned above were partially funded with third-party debt amounting to US\$106 million and borrowing from the margin line on the DFP investments of \$127 million. While this reduced our weighted average cost of capital, it increased our Debt to Equity ratio to 46 percent which remains well within a tolerable limit. We will continue to responsibly use these sources of capital going forward, using improved cash management processes to ensure that we have adequate cash flows to service all our capital providers in the form of interest, principal, and dividend payments.



Secondly, we have consistently reported that **US\$ earned from the divestment of non-core assets have been directed to a Divestment Funds Portfolio (DFP) managed by fund managers in the US.** As at September 30, 2023, the Group held approximately US\$172 million in funds invested through the DFP for the most part invested in fixed income bonds. The DFP fund managers provide a margin line for borrowing that is secured by the DFP balances. To fund its equity investments in the acquisitions described above, the Group has accessed the margin lines from fund managers for US\$127 million. The Group maintains an attractive spread between the interest paid on its fixed income investments and the interest costs from the margin lines being used. As interest is paid from fixed income investments, proceeds are used to pay the interest on the margin lines and to reduce the margin line balances as well. The gains from the DFP reported in the Group's Profit and Loss represent the net of interest earned from fixed income investments and interest paid on the margin lines. The Group is therefore holding financial investments securing more than 100 percent of the margin line borrowings. If the DFP financial assets are netted off the margin line borrowings, the Group's Total Borrowings would reduce by \$854 million (US\$127 million) and Debt to Equity ratio would drop from 46 percent to 35 percent.

Lastly, we have been **enhancing the structures in place to effectively allocate available capital to fuel growth and create shareholder value.**

Following the implementation of the two-stage approval process mentioned last year, the Group is focused on further codifying how capital is allocated between potential projects that are competing for funding and on what the optimal capital structure is across the Group. The introduction of this Capital Allocation Framework will form part of our approval process for new investments and will be formally implemented in FY2024.

### Operating with a Caribbean Heart

**Operating with a Caribbean Heart is a distinctive element of the Massy Strategy.**

Ten years into the journey of becoming a Conscious Company and now on the path to becoming a Healing Organisation, we have come to deeply appreciate the natural, authentic warmth of Caribbean people that is universally appealing. As we have released the bonds of learned command and control behaviours and embraced true care and human-centred leadership, we have been able to unleash an Energy that drives the performance of our organisations. When the spirits of people are respected and people are listened to and cared for, people have fun and authentically express love for one another and what they do. By creating such an environment, we are able to unlock the very best in people in a business setting, which redounds to their quality of work and engagement with customers. As we replicate this Energy around the world, we are expanding the sphere and influence of that Caribbean Heart.

## Expanding Our Reach in IMG

The Air Liquide Trinidad acquisition has allowed us to provide service to several markets in both Central and South America



**The empowerment of our people is very aligned with the operating strategy that has seen the Group devolve authority to and empower our Portfolios. We are proud of the work that we have done to evolve our leadership ethos and expectations.**

At Massy, opportunities and expectations for leadership are extended to all employees. Each employee has the opportunity to lead in their own way through suggestions, ideas and observations. The behaviours we expect of leaders extend to all our employees. Of course, with expanded responsibility of leading people, expectations of leaders are enhanced. We are committed to the continued advancement of our leadership agenda, and our Massy Learning Institute (MLI) provides the structure and platform for our continuous improvement. Our Expectations of Massy Leaders program delivered through MLI and the 360-degree lens for feedback that this facilitates, continues to drive transformative change for leaders at all organisational levels. Additionally, in 2023, over 100 executives across several territories were exposed to the concept of The Healing Organisation in workshops facilitated by Dr. Raj Sisodia and Dr. Neha Sangwan. We recognise that our deepest insights come from our employees and as result of this latest work on conscious leadership, we have also launched a series of Listening Sessions aptly named "Real Talk", to allow us to listen more closely to employees at all levels across the Group.

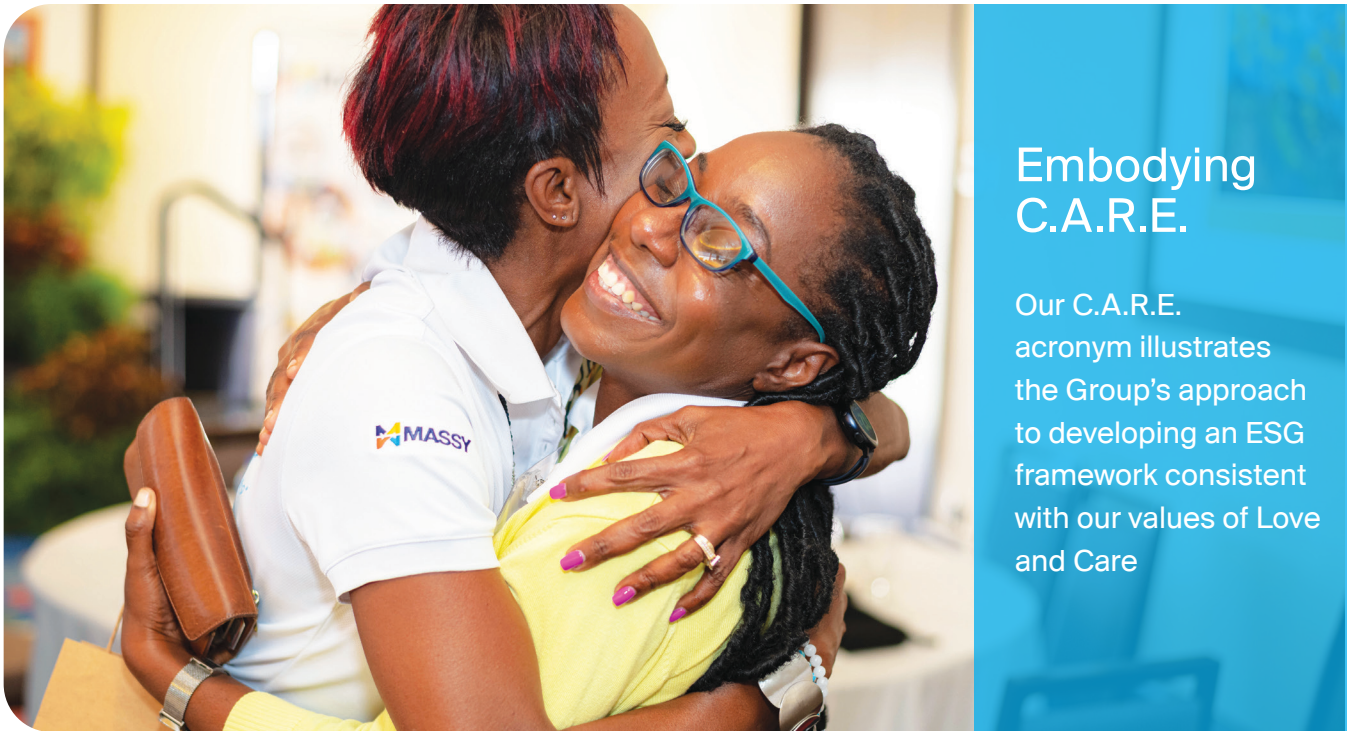
Our commitment to operating with a Caribbean Heart guides our approach to the evolving landscape of Environmental, Social, and Governance (ESG). As the consciousness of businesses and society has grown, the importance of ESG in guiding the operations of companies has become more important. Massy's culture of care over several scores of years provides a strong platform for our authentic expression of ESG. Historically, the Massy Group has been deeply involved in making contributions to the societies in which it operates through charitable donations and employee volunteerism. The Group has also been continuously improving its diversity and inclusion among employees, executives and board members. Our adoption of the principles of Conscious Capitalism has further accelerated our inclusivity and respect for people. Massy has been a regional leader in Governance of its Group as one of the first publicly traded companies in the region and our Corporate Governance section of this Annual Report outlines the Group's comprehensive Governance structures and standards that are grounded in our values. While many of our companies have adopted significant and pioneering initiatives to do our part to protect the environment, we recognise that we can do more and become more quantitative and explicit in reporting on our progress in this area. With upcoming International Financial Reporting Standards (IFRS) S1 regulations coming into effect for Massy's FY2025, the Group will do the requisite work in FY2024 to be ready for the standard and to better showcase its environmental impact initiatives.



## Empowering Our People to Drive Change

Our Forces for Good program gave employees the deciding voices and votes to determine how and where our resources would be channeled





## Embodying C.A.R.E.

Our C.A.R.E. acronym illustrates the Group's approach to developing an ESG framework consistent with our values of Love and Care

To kick-off our approach to being more systematic about ESG objectives and reporting, the Group held an ESG Summit with the executive and the board at the end of FY2023. In this Summit, we outlined opportunities and inspirational examples for Massy businesses in the ESG journey and we also adopted Massy's own acronym for ESG that is more consistent with our values of Love and Care.

**As we pursue our journey in ESG the Massy Group will be guided by its C.A.R.E. framework:**

- C Commit to be a force for good for our customers and communities**
- A Accountability in our practices and governance**
- R Responsibility for healing our environment**
- E Empathy and support for our employees**

In FY2024, we will engage the Group's Portfolios, Corporate Office and other businesses in developing customized approaches for the adoption of C.A.R.E. We will assess our business models against the relevant challenges the world faces and develop objectives and specific plans that should well exceed the requirements of impending regulation.

## In Closing...

I would first like to express my personal appreciation to our longstanding Chairman Robert Bermudez who retired after serving on the Board of Massy Holdings Ltd. for 26 years. Robert inspired the executives at Massy to dream big, to have bold aspirations. He encouraged focus and the drive for greater autonomy deeper in the organisation; and his trust generated the confidence to achieve extraordinary results. He was always a staunch advocate for the welfare of employees and encouraging abundance created through growth to be shared throughout the entire organisation. We are eternally grateful for his wisdom, counsel, and inspiration. He has left us with an energy of Abundance, Confidence and Possibility. A legacy that will serve us well for the next 100 years. On behalf of the executives, employees and board of directors of the Massy Group, I express our gratitude to Robert and wish him much happiness and fulfilment in his retirement.

As we bid farewell to Robert Bermudez, we welcome Robert Riley as the Group's new Chairman. Robert was an accomplished executive who led bpTT's business for many years and is a Chaconia Gold awardee from the Government of the Republic Trinidad and Tobago for his contributions to national development while serving as bpTT President. He is also an accomplished international executive who served as the Global Head of Safety &

Operational Risk for BP PLC. Robert has a deep connection to the Group's purpose and vision. His leadership is already making a great contribution.

I would also like to welcome James McLetchie who joined the Group as Executive Vice President & Group Chief Financial Officer in the last quarter of FY2023. James brings more than 30 years of financial, M&A, transformation, and strategy experience to Massy, with an emphasis on international M&A and growth. Most recently, James was based in the United Kingdom as Senior Vice President of Integration at a FTSE 50 industrial software company specialising in Power and Oil & Gas. James looks forward to bringing his experiences 'home' to support the Group's bold and exciting vision for the future. Vaughn Martin generously supported the Group taking on role of Acting Group Chief Financial Officer prior to James' appointment while at the same time managing the responsibility of Executive Vice President and Executive Chairman of the Gas Products Portfolio. I want to express my gratitude to Vaughn for taking on this additional responsibility, and to recognise the strong management team of Gas Products who made it possible for him to do so.

At 100, we understand our commitment to the Caribbean, and all the countries in which we operate. We lean into the duty of being the very best corporate citizen that we can be. **For us, "A Force for Good" is not a catch phrase - but our ethos, the fundamental core of our being that defines what we do and how we do what we do.**

Most importantly, at 100, we understand our commitment to our teams, our staff – our Massy people past and present. We know that it is our people that creates our success. Our people's knowledge and skills; their tenacity and bravery; their ingenuity and creativity; their humanity and compassion. **Our people are our head and our heart. Our people are what makes Massy, MASSY.**

My report would not be complete without thanking and expressing deep appreciation for our customers, suppliers and shareholders. Without your support the Group could not achieve its greatness. Thank you for your continued support and loyalty. We look forward to continuing to create value for you through another 100 years.

