CEO Report

CAC 2000 Financial Performance for Financial Year Ending October 31, 2018

We are pleased to present our audited results for the Company for the year ended October 31st, 2018.

Profit and loss

After a promising start to the year we ended with a disappointing 4th quarter due to the Three Miles road construction activities that severely disrupted our normal business activities. As a result, sales in our last quarter (historically our peak period) fell, and the end of year revenues were flat at $1,210,990,427 vs $1,210,935,472 in 2017. This business disruption continues, and while we expect that accessibility to our office will be significantly improved by February 2019, we have implemented contingency plans to try and minimize impact until the project is completed.

Gross profit for the year improved to $453,190,166 from $424,435,427 in 2017 due to improvements in operational effectiveness and job mix changes, but this gain was offset by budgeted expenses to cover increases in salaries, professional fees, costs related to the additional preference share issue, training, travel expenses and bad debt provision. The majority of these expenses had already been committed when the Three Miles construction was announced, and the result was that the total expenses were $384,154,896 compared to $308,899,496 in the previous year.

Other income jumped as the initial invoice for a design and build project in Barbuda was recognized in the last quarter.

Despite increased interest payments for increased preference shares, finance costs reduced to $13,301,956 from $17,136,747 in 2017.

The result was a net profit of $74,765,527 compared to $100,736,163 achieved last year. Earnings per share slipped from $0.78 to $0.58 but, as stated above, we have implemented changes to minimize the negative impacts of the construction and to try and quickly recover the delayed revenues.

Balance sheet

The last quarter slowdown in sales resulted in inventory values, including work in progress (WIP), increasing by $158,618,516, with $29,349,981 of this increase due to WIP. We have hired a new senior manager who will focus on improving our purchasing, logistics and inventory management processes to correct and reduce stock levels while improving cashflows.

On the positive side, we managed to reduce Trade and Other Receivables by $50,858,082 but the 2019 plan is to significantly reduce the >180 day receivables.

Loans and Borrowings (long term and current) moved down to $213,060,745 from $253,900,204 after the issue of new preference shares and then paying off the initial preferences shares and bridge financing.

Trade and Other Payables increased to $328,728,403 from $295,903,418 as a result of increases in supplier credit and increased customer deposits.

As a result of the above we improved our operational cash flows, countering some of the cash disruption, but our strategy to reduce debt meant that our ending cash and bank deposits of $117,041,833 were $74,653,310 less than last year's end of year position.

Stockholders' equity increased by $64,442,947 after an interim dividend distribution of $10,322,580 ($0.08 per share).

Major Happenings

We were awarded a design contract for the first houses of a development project for high net worth individuals on the island of Barbuda. This project has the potential to generate additional revenues as the development proceeds to make this a significant contributor to CAC's future expansion in the Caribbean region.

The CAC Foundation continues with the technical training program which to date has started 42 trainees. Unfortunately, this program was also disrupted by the road construction, but we rented another facility and will continue to press to achieve our goal of training 100 persons by March 31, 2019.

Lastly, I would like to thank our customers, staff and partners for your support in the year, despite the huge inconvenience of the local road construction in the latter six months, and we are looking forward to our continued partnership to build further growth in 2019 and beyond.

Steven Marston
Chairman and CEO