RIZZO FARRUGIA
YOUR INVESTMENT CONSULTANTS

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The Board of Directors
Simonds Farsons Cisk plc
The Brewery,
Mdina Road, Mriehel,
Birkirkara BKR 3000,
Malta

15 July 2019

Dear Sirs,

Simonds Farsons Cisk plc –update to the Financial Analysis Summary (the **"Update FAS"**)

In accordance with your instructions and in line with the requirements of the Listing Authority Policies, we have compiled the Update FAS set out on the following pages and which is being forwarded to you together with this letter.

The purpose of the Update FAS is that of summarising key financial data appertaining to Simonds Farsons Cisk p.l.c. (the "**Company**" or "**Issuer**"). The data is derived from various sources or is based on our own computations and analysis of the following:

(a) Historical financial data for the three years ended 31 January 2019 has been extracted from the Issuer's audited statutory financial statements for the three years in question, as and when appropriate.
(b) The forecast data for the financial year ending 31 January 2020 has been provided by management and approved by the Directors of the Issuer.
(c) Our commentary on the results of the Issuer and on the respective financial position is based on the explanations provided by the Issuer.
(d) The ratios quoted in the Financial Analysis Summary have been computed by us applying the definitions as set out and defined within the Update FAS.
(e) Relevant financial data in respect of the comparative set in Part D has been extracted from public sources such as the web sites of the companies concerned, or financial statements filed with the Registry of Companies.

The Update FAS is provided to assist potential investors by summarising the more important financial data of the Issuer. The Update FAS does not contain all data that is relevant to potential investors and is intended to complement, and not replace, financial and/or investment advice. The Update FAS does not constitute an endorsement by our firm of the securities of the Issuer and should not be interpreted as a recommendation to invest. We shall not accept any liability for any loss or damage arising out of the use of the Analysis and no representation or warranty is provided in respect of the reliability of the information contained in the Analysis. As with all investments, potential investors are encouraged to seek professional advice before investing.

Yours sincerely,

Vincent E Rizzo
Director

FINANCIAL ANALYSIS SUMMARY

Update 2019

Prepared by Rizzo, Farrugia & Co (Stockbrokers) Ltd, in compliance with the Listing Policies issued by the Malta Financial Services Authority, dated 5 March 2013.

15 July 2019

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Important Information

Purpose of the Document

Simonds Farsons Cisk plc (the "**Company**", "**Group**" or the "**Issuer**") issued €20 million 3.5% Unsecured Bonds 2027 pursuant to a prospectus dated 31 July 2017 (the "**Bond Issue**"). The prospectus included a Financial Analysis Summary ("**FAS**") in line with the requirements of the Listing Policies as issued and last updated by the MFSA on 5 March 2013. The purpose of this report is to provide an update to the FAS (the **"Update FAS**") on the performance and on the financial position of the Company.

Sources of Information

The information that is presented has been collated from a number of sources, including the Company's website (www.farsons.com) and the Company's audited Financial Statements for the years ended 31 January 2017, 2018 and 2019 and forecasts for financial year ending 31 January 2020.

Forecasts that are included in this document have been prepared by management and approved for publication by the directors of the Company, who undertake full responsibility for the assumptions on which these forecasts are based.

Wherever used, FYXXXX refers to financial year covering the period 1st February to 31st January. The financial information is being presented in thousands of Euro, unless otherwise stated, and has been rounded to the nearest thousand.

Previous FAS Issued

The Company has published the following FAS which are available on its website:

FAS dated 31 July 2017 (appended to the prospectus)

FAS dated 16 July 2018

1 INTRODUCTION

From its origins in 1928, Simonds Farsons Cisk plc (the "**Company**", "**Group**" or "**Issuer**") is the result of the amalgamation of L. Farrugia & Sons Limited, H & G Simonds and The Malta Export Brewery. The construction of the brewery in Mriehel was completed in 1950 under the direction of managing director Mr Lewis V. Farrugia. Further enhancements and additions to the brewery were undertaken over the years, extending the facilities to bottling plants for soft drinks as the Group embarked on an expansionary strategy across various segments of the food and beverage industry.

The Group is made up of three distinct segments:

i. Brewing, production & sale of branded beers & beverages
ii. Importation, wholesale & retail of food & beverages, including wines & spirits
iii. Operation of franchised food retailing establishments

2 GOVERNANCE & SENIOR MANAGEMENT

The strategic direction of the Company is entrusted to a board of eight directors, the majority of whom act in a non-executive capacity.

Board of Directors	Role
Mr Louis A. Farrugia	Executive Chairman
Mr Marcantonio Stagno d'Alcontres	Non-Executive Vice Chairman
Mr Michael Farrugia	Executive Director
Mr Roderick Chalmers	Non-Executive Director
Dr Max Ganado	Non-Executive Director
Ms Marina Hogg	Non-Executive Director
Marquis Marcus John Scicluna Marshall	Non-Executive Director
Baroness Christiane Ramsay Pergola	Non-Executive Director

The Group's company secretary is Ms Antoinette Caruana.

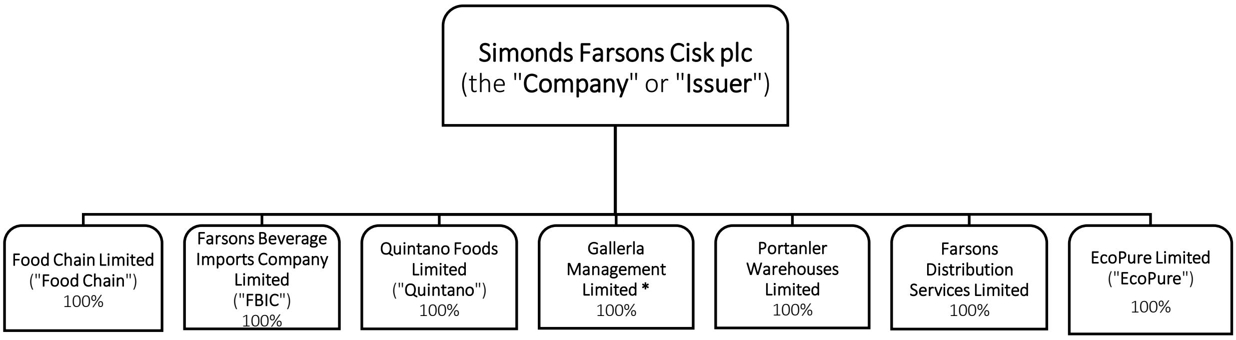
The Company's board is assisted by a complement of senior executive management in the execution of the board's strategic direction.

Senior Management	Position
Mr Norman Aquilina	Group Chief Executive Officer
Mr Michael Farrugia	Executive Director Operations and Business Development Officer
Ms Anne Marie Tabone	Chief Financial Officer
Mr Eugenio Caruana	Chief Operating Officer
Mr John Bonello Ghio	Group Head of Food Business
Mr Pierre Stafrace	General Manager FBIC
Mr Chris Borg Cardona	Group Head of Logistics & General Manager EcoPure
Ms Antoinette Caruana	Group Human Resources Manager
Mr Philip Farrugia	Group Head of IT & Business Services
Ms Susan Weenink Camilleri	Head of Sales, Marketing & Communications

In addition to senior management, the Group includes a staff complement of 853 (full time equivalent) employees as at the end of the last financial reporting period (31 January 2019) across the various subsidiaries, including the operation of the franchised food retailing establishments.

3. Group Structure

The Company is the parent of a group of companies – the Group. Hereunder is the organisation chart showing the various subsidiaries within the Group:



*company in dissolution

4. Major Assets

Property, plant and equipment (PPE) represents the major component of the Group's assets. This component represents the assets required for the operation of the Group's business, and comprise:

Components of PPE	**Net Book Value FY2019**
Land and Buildings	€81.4 million
Assets in Course of Construction	€1.0 million
Plant, Machinery & equipment	€34.3 million
Total	**€116.7 million**

PPE makes up just under 70% of the Group's total asset base. *Assets in course of construction* as at the end of financial year 2019 consisted of the works carried out during the year on the old brewhouse.

Trade and other receivables were the next most significant category of assets of the Group, at €20.7 million, representing 12% of total assets. Inventories, which by the end of FY2019 reached €15.2 million, included €3.2 million of raw materials and consumables used for the production and bottling of beverages and food items relating to Food Chain Limited's food products; €8.9 million in finished goods and goods for resale; and €3.1 million relating to the depreciated value of containers, other packaging / bottling materials and spare parts.

5. Reportable Segments

The Group's main operating segments are as outlined in section 1 above. Further information relating to these business segments is provided below:

Brewing, Production and Sale of Branded Beers & Beverages

The 'brewing, production and sale of branded beers and beverages' segment includes Eco Pure and the Company, i.e. Simonds Farsons Cisk plc. This segment represents the core business of the Group and is thus the segment that, from a financial performance point of view, is the most material and the largest contributor to the Group's profitability. The Company produces and distributes its own brands – Kinnie™, Cisk™, Blue Label Ale™, Farsons Classic Brews™, Hopleaf Pale Ale™, Cisk Lacto™ and San Michel™. The Company is also the exclusive franchisee in Malta to PepsiCo, Budweiser and Carlsberg, having the rights to produce, bottle, sell and distribute the said products, amongst other related products, including Skol™, LikeCola™ and 7Up™. Meanwhile, Eco Pure Ltd is the company responsible for the marketing, sales and distribution of 18.9 and 10 litre bottles of San Michel water, providing also water dispensers and coolers for rental or purchase.

Importation, Wholesale and Retail of Food & Beverages, Including Wines & Spirits

The 'importation, wholesale and retail of food and beverages, including wines & spirits' is carried out through FBIC and Quintano. While the former focuses mostly on wines and spirits and other beverage brands, the latter imports and distributes food-related items. In the beverage sector, FBIC nurtures and continues to increase its representation of renowned international producers and brands. In the food importation, Quintano also represents a wide variety of renowned international brands. FBIC also operates Farsonsdirect, through which it retails a selection of these brands. During FY2019, the Company added new brands to its portfolio, including Grimbergen and Kronenbourg (craft and artisan beers segment); Old Mout, Averna and Bulldog Gin, as well as premium wines Brancaia, Fratelli Berlucchi Franciacorta and Chateau d'Esclans.

Operation of Franchised Food Retailing Establishments

In Malta, the internationally renowned franchises KFC™, Burger King™ and Pizza Hut™ are exclusively operated by Food Chain. This segment '*Operation of franchised food retailing establishments'* operates a total of fourteen outlets under these franchises.

6. Material Operational Developments & Ongoing Investments

In the FAS update dated 16 July 2018, reference was made to a number of significant investments as well as ongoing process optimisation initiatives that the Group has been undertaking over the past years. Efficiency gains have resulted from investments made in production lines, the modernisation of packaging capabilities, new filling machines as well as other management initiatives aimed at boosting productivity.

In fact, during the year under review, the new packaging plant for the filling of kegs and water bottles which was one of the major investments undertaken, was commissioned. Furthermore, the extension to the existing logistics warehouse together with a new truck depot were completed and commissioned.

Other significant investments (some of which were mentioned last year) are underway. The principal ones being:

- the restoration and the rehabilitation of the original brewhouse. This major project is expected to be completed in the first quarter of 2021.
- Continued investment across all production and logistics facilities in environmentally friendly plant including a refrigeration plant, boiler plant and also the sales force car fleet.
- Investment in the process block control system
- Investment in a Euro 6 truck fleet.
- Contribution of the Company's commitment to help reduce sugar consumption through the reformulation of existing products, the introduction of new products and increased investment in promotion of drinks with no or reduced sugar content.

The introduction of the Beverage Container Refund Scheme (BCRS) towards the end of 2019 which entails the compulsory introduction of a deposit on all relevant beverage containers, is a significant development in the market to manage one way packaging waste. The Farsons Group is fully aligned with the environmental objectives of the BCRS and has pledged its support to ensure that operational arrangements will deliver the set objectives in the most effective and efficient way possible - for the benefit of our community and the environment. Farsons is one of the leading founding members of a new company which will be formed to manage this scheme, in conjunction with other bottlers, and beverage importers and retailers.

7. MARKET TRENDS AND OVERVIEW

The European food and beverage industry is a major contributor to Europe's economy and larger than other manufacturing sectors such as the automotive sector generating a turnover of €1.1 trillion (in 2017 – later figures were not available at the time of publication of the Update FAS). It contributes approximately 2.1% to Europe's gross value added. It is estimated that the average household in Europe spends approximately 14% of its income on food and beverage[1].

Year	2012	2013	2014	2015	2016	2017
Production Values (billions of €)	978	1,003	1,014	1,031	1,020	1,028
Production growth rate		*2.6%*	*1.1%*	*1.7%*	*-1.1%*	*0.8%*
Total Turnover Value (billions of €)	1,062	1,090	1,095	1,115	1,109	1,123
Turnover growth rate		*2.6%*	*0.5%*	*1.8%*	*-0.5%*	*1.3%*

Source: *Eurostat; fooddrinkeurope.eu*

Production of food and beverage across European Member States recovered by 0.8% in 2017 (compared to a decline of 1.1% a year earlier), when compared to the previous year, while turnover increased by 1.3%.

THE EUROPEAN MARKET FOR BEVERAGES

The European beverage market has experienced sustainable growth in the past few years and this development can principally be attributed to the global perception of the high quality of European products and increasing incomes driving higher consumer demand for beverage products in emerging countries. The conclusion of a series of free trade agreements with non-EU countries in the last years has also contributed to increased market opportunities.

With other regions acknowledging the value of the high quality of EU products and adopting similar legal frameworks, this competitive edge may weaken in the coming period if no further action is taken. Possible initiatives to maintain or strengthen the competitive edge of the European industry can be categorised into; strengthening the international trade position, supporting productivity, and improving the functioning of the supply chain[2].

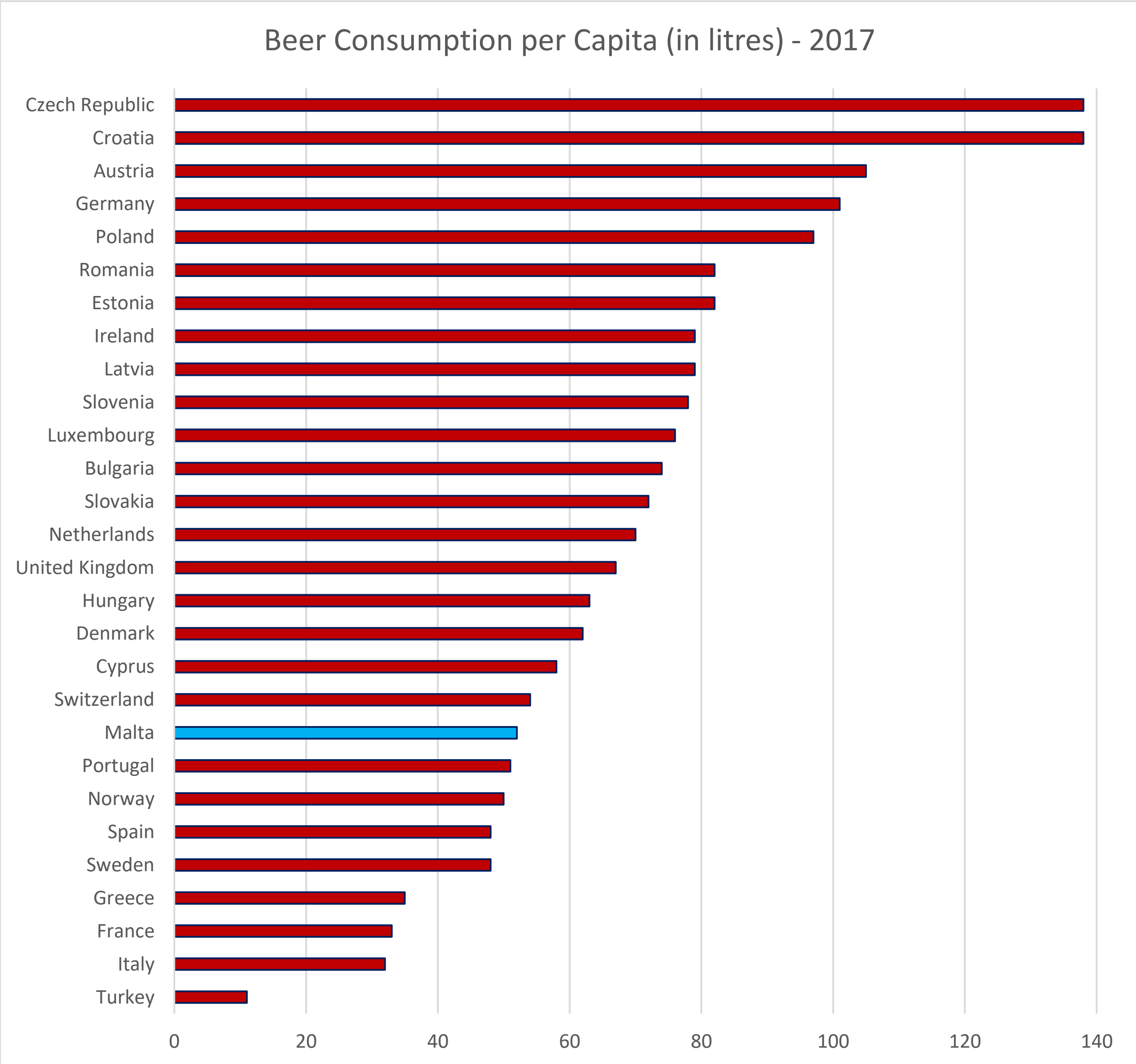
[1] https://www.fooddrinkeurope.eu/uploads/publications_documents/FoodDrinkEurope_Data_and_Trends_2018_FINAL.pdf

[2] *European Commission – The competitive positions of the European food and drink industry*

The European Beer Market

Latest figures reported by the Brewers of Europe show that production and consumption of beer in Europe have continued to grow. Active breweries in the EU now amounts to 9,500, an increase of a thousand over the figure reported last year consisting mainly of the surge in the number of SME and microbreweries. The graph below shows beer consumption per capita in Europe by country. Malta ranked 20th in terms of beer consumption per capita (52 litres).

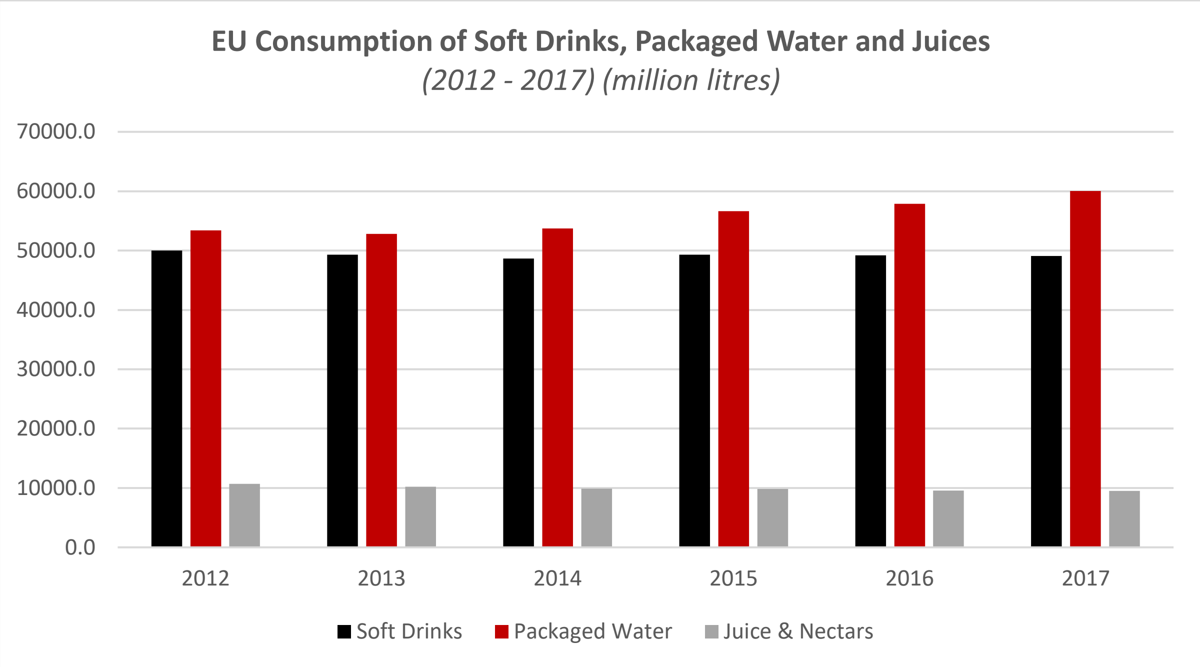
Other key factors contributing to the growth in the beer market are mainly attributable to; the availability of low/non-alcoholic beer; a wider variety of beers with rich flavour and aromas as well as low calorie beers; increase in disposable income; and the effect of creative marketing by brewers.



Source: *www.brewersofeurope.org. No update is available as at the date of this report on 2018 figures*

The European Soft Drinks, Packaged Water and Nectar Market

The soft drinks and nectar markets have seen a marginal decline in consumption over the past couple of years. In response to consumer demands, companies are re-focusing on their product development to re-formulate products which contain lesser sugar content. Accordingly, European consumers as a part of their broader healthier lifestyles, continue to purchase bottled water, resulting in a steady growth rate since 2012.



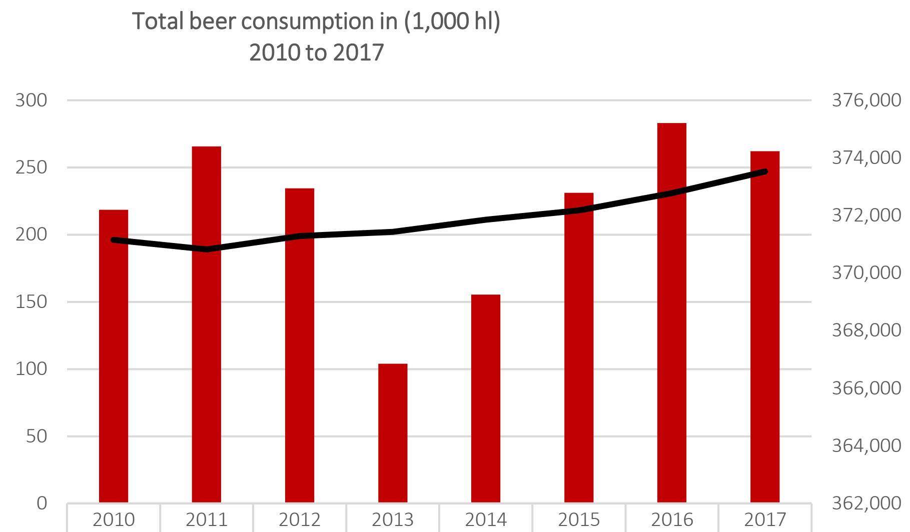
Source: *Unesda*

The Food and Beverage Market in Malta

Overall, the growth experienced in the food and beverage market in Malta has been driven by the growth in Maltese GDP as the population became more affluent. The substantial growth in inbound tourism has also played a very important part. The increasing population of foreign nationals and the changing lifestyles with people resorting to fast food services have also contributed to the patterns seen.

Beer Consumption

After a slight decline in 2011, beer consumption in Malta has increased over the past six years at an average growth rate of 4.6%, a rate higher than the trends experienced in other European countries – Malta also experienced a growth in 2017 consumption figures, while its European peers experienced a downturn in consumption. This growth is mostly attributed to the country’s continued positive economic performance, the sustained growth of the tourism industry, the continuous product innovation, the advent of craft beer and effective marketing initiatives undertaken by the Group together with mass market events hosted during the year.



	2010	2011	2012	2013	2014	2015	2016	2017
Europe - total consumption	372,201	374,395	372,939	366,855	369,253	372,787	375,214	374,231
Malta - total consumption	196	189	199	202	211	218	231	247

Source: *www.brewersofeurope.org. No update is available as at the date of this report on 2018 figures*

The Company's financial year extends from 1 February to 31 January. Forecasts for financial year ending 31 January 2020 have been provided by management and approved by the Directors.

8. INCOME STATEMENT

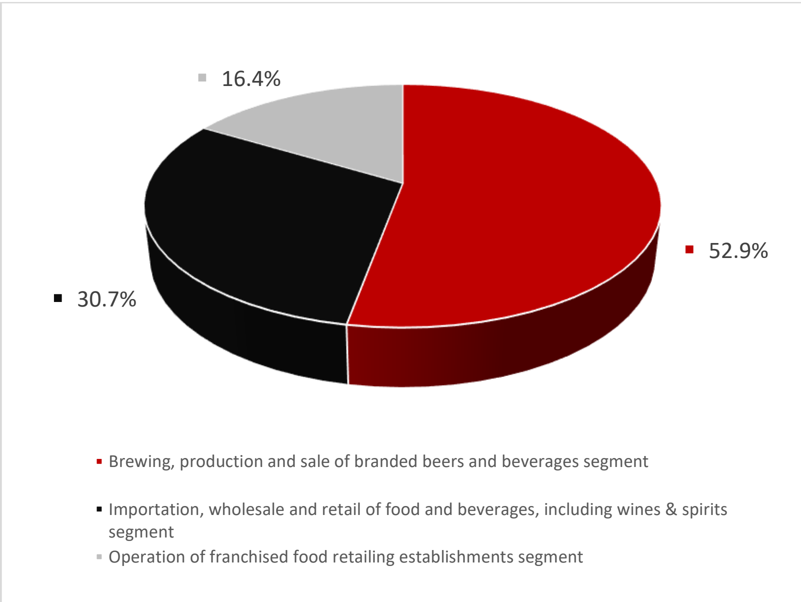
as at 31 January	*Actual* ***2017*** *€'000*	*Actual* ***2018*** *€'000*	*Actual* ***2019*** *€'000*	*Forecast* ***2020*** *€'000*
Revenue	88,119	94,980	99,798	103,707
Cost of Sales	(53,683)	(57,920)	(60,125)	(62,055)
Gross Profit	**34,436**	**37,060**	**39,673**	**41,652**
Selling & Distribution Costs	(10,712)	(10,332)	(11,496)	(12,375)
Administrative Expenses	(10,872)	(12,066)	(12,843)	(14,137)
Operating Profit	**12,852**	**14,662**	**15,334**	**15,140**
Depreciation & Amortisation & One-off Adjustments	*7,810*	*7,449*	*7,886*	*8,485*
EBITDA	***20,662***	***22,111***	***23,220***	***23,625***
Investment Gains	5	-	-	-
Finance Costs	(1,470)	(1,207)	(1,239)	(1,127)
Profit before Tax	**11,387**	**13,455**	**14,095**	**14,013**
Tax Income	471	949	1,036	750
Discontinued Operations	274	(642)	-	-
Profit for the Year	**12,132**	**13,762**	**15,131**	**14,763**
Shares outstanding	30,000	30,000	30,000	30,000
EPS – Earnings Per Share (€)	**0.404**	**0.459**	**0.504**	**0.492**

The above table presents the Group's income statement for the periods ending 31 January 2017, 2018 and 2019 along with the forecasts for financial year 2020. It should be noted that the figures for FY2017 incorporate the previous property segment which was successfully spun-off into a new public limited liability company (Trident Estates plc) and listed on the Official List of the Malta Stock Exchange on 30 January 2018. In this respect, for most of FY2018 Trident Estates plc (and its subsidiaries) were still operating subsidiary companies of the Company. However, the impact of these operations on the income statement was classified under discontinued operations and as such primary performance figures of FY2017 remain comparable to those of FY2018 to FY2020, during which time Trident Estates plc was spun-off as a separate company in its own right.

FY2019 Review

Group total revenue reached a new record level of €99.8 million in FY2019, up from €95 million in FY2018, an increase of 5%. The Group registered turnover and operational profitability growth across all three operating segments with the '*brewing, production & sale of branded beers & beverages*' segment remaining the largest contributor to the Group revenue as is expected. The country's ongoing positive economic performance and continued tourism growth has been one of the primary contributors to this overall positive result. The year under review also represents the first set of full year results that exclude the consolidation of Trident Estates plc and therefore the improved performance should also be seen in this context.

Revenue Generation by Segment – FY2019



Brewing, production and sale of branded beers and beverages segment

This segment is represented by Simonds Farsons Cisk plc and EcoPure. Over the years, Farsons maintained its strong market share with its own brands, principally Cisk™ and Kinnie™, with both brands remaining material contributors to the financial results of this segment. A number of milestones were achieved during the year under review which coincided with a number of new product launches principally surrounding these two key brands. The Group's beer portfolio registered a positive performance across all market segments with the range of beers constantly evolving to match market expectations and trends. Beer production volumes continued to grow during the year under review as export market and distribution bases widened further.

On the other hand, the other beverages subset within this segment (comprising principally non-alcoholic beverages) continues to face ever increasing macro challenges emanating from changing consumption patterns predominantly as a result of increasing global pressures and awareness surrounding health issues (sugar and artificial ingredients). Meanwhile, EcoPure reported an improved performance once again this year. Sales and profitability increased as this segment's client base evolved further in both the residential as well as in the business sector. The significant investment made during FY2018 to install a new automated water filling line contributed to improved production efficiencies and the highest quality standards in this space.

Importation, wholesale and retail of food and beverages, including wines & spirits segment

This segment is represented by FBIC and Quintano. Revenue from the imports of food and beverage segment met budgets. Growth in sales was attained both organically as well as a result of the addition of new brands throughout the year under review principally in respect of new branded premium beers and gins. This notwithstanding constantly intensifying competition and a rapidly evolving market. Operating margins from the stated segment improved from 7.4% in FY2018 to 7.7% in FY2019 as a result of a number of campaigns, participation at events and increased overall brand portfolio exposure including but not limited to increased digital media presence.

Operation of franchised food retailing establishments segment

This segment is represented by Food Chain. In this segment, the Group operates the franchises of KFC™, Pizza Hut™ and Burger King™ in Malta. The company operates fourteen outlets which have reported consistent growth throughout each year. In FY2019, the company reported sales growth across all brands as revenue reached €16.4 million, an increase of 5.8% over FY2018. KFC™ was the franchise that recorded the largest sales growth as guest count as well as average spend in all stores increased.

EBITDA and Other Components

Group EBITDA improved from €22.1 million in FY2018 to a new record level of €23.2 million in FY2019, reflecting an increase of 5%. Group EBITDA margin remained stable at 23.3% in FY2019. In the Company's annual report for FY2019, the CEO clearly highlights that while general market and economic indicators remained broadly positive, mounting employment costs place more pressures on the Group to further improve productivity levels across all areas.

The Group incurred a finance cost of €1.2 million, a figure almost identical to that registered last year. A reduction in net interest subsidies during the year under review was compensated by a reduction in bond interests following the bond refinancing exercise undertaken in 2017 as well as increased bank loan and overdraft interest. Pre-tax profit from continuing operations improved by 5% over the previous year to reach €14.1 million. Further to the investment tax credits that are applicable for tax relief to the Group under the Business Promotion Act in respect of the investments made by the Company, the group registered a tax income of just over €1 million for the year under review. This resulted in a profit for the year of €15.1 million or the equivalent of €0.504 in earnings per share.

Forecast FY2020

Total revenue is expected to increase to €103.7 million mainly reflecting recent domestic economic growth trends and further improvements in the export segment. This implies an increase of just under 4% over FY2019. Moreover, cost of goods sold are expected to increase almost in line with the increase in revenue amounting to €62 million representing a gross profit margin of 40.2%, a marginal improvement over the FY2019 figure of 39.7% as the recent investments in processes are driving productivity and efficiency gains.

Selling & distribution costs and administrative expenses are expected to increase for FY2020 compared to actual figures for FY2019 by 7% and 10% respectively principally as a result of the need to continuously attract and maintain the required skilled workforce while managing payroll increases especially following the conclusion of the new collective agreement operative from January 2019. Meanwhile, in view of the increase in capital expenditure during FY2020 which follows on from last year, the depreciation charge is expected to increase, resulting in a charge to the income statement of €8.5 million (FY2019: €7.9 million). Furthermore, no movement is anticipated in the FY2020 for the impairment allowance with respect to the Group's Trade and other Receivable (FY2019: €762,000). EBITDA is expected to reach €23.6 million, a marginal increase of €0.4 million over FY2019. EBITDA margin is expected to decline marginally to 22.8% from 23.3% recorded in FY2019 mainly reflecting the increase in operating costs.

Overall, the Group's net profit for FY2020 is expected to be marginally lower than last year at €14.8 million compared to €15.1 million in FY2019.

9. CASH FLOW STATEMENT

as at 31 January	*Actual* *2017* *€'000*	*Actual* *2018* *€'000*	*Actual* *2019* *€'000*	*Forecast* *2020* *€'000*
Net cash generated from operating activities	13,135	20,893	16,200	21,492
Net cash used in investing activities	(19,714)	(21,407)	(6,587)	(15,179)
Net cash generated from / (used in) financing activities	4,091	(656)	(1,402)	(5,742)
Net movement in cash & cash equivalents	**(2,488)**	**(1,170)**	**8,211**	**571**
Cash & cash equivalents at beginning of year	1,166	(1,322)	(2,492)	5,719
Cash & cash equivalents at end year	**(1,322)**	**(2,492)**	**5,719**	**6,290**

FY2019 REVIEW

During FY2019, net cash generated from operations amounted to €16.2 million compared to €20.9 million in FY2018, reflecting working capital flows principally in relation to inventories and trade payables. Net of these movements, cash flow from operating activities remained at par with last year[3].

Net cash used in investing activities decreased substantially – from €21.4 million last year to €6.6 million this year. Apart from the one-time cash outflow of €6.5 million directed towards the spin-off of the property segment reported last year, the remaining reduction results from reduced capital expenditure on property, plant and equipment.

Meanwhile, net cash used in financing activities amounted to €1.4 million. Management advised that following the refinancing of the Company's bonds in 2017, this year coincided with the end of a moratorium on certain bank borrowings. The result is therefore a net reduction in borrowings which in turn is reflected in a reduction in overall group gearing to 23.4% this year compared to 28.8% last year. The increase in dividends paid is also reflected in net cash movements.

Overall, the negative cash balance as at FY2018 amounting to €2.5 million has now been reversed to a positive balance of just over €5.7 million. This is made up of cash at bank and in hand amounting to €7.6 million net of a bank overdraft of €1.9 million.

[3] See Page 107 (Note 30) of the 2019 Annual report for a detailed reconciliation of operating profit to cash generated from operations.

FORECAST FY2020

The Company's net cash position for the year is expected to improve as management is anticipating a marginal positive net movement in cash & cash equivalents (FY2020: €6.3 million; FY2019: €5.7 million, net of bank overdraft balances).

Net cash generated from operating activities is expected to increase to €21.5 million compared to €16.2 million in FY2019. Though operating profit is expected to remain in the same region as last year, the increase in expected operating cash flow emanates from an anticipated lower reduction in working capital and an increase in depreciation cost when compared to FY2019.

Cash used for investing activities is expected to amount to €15.2 million in FY2020, a substantial increase from the actual figure of €6.6 million for FY2019. This is reflective of the capital investment programme planned for the year as highlighted earlier in this report where several projects are underway concurrently.

Net cash used in financing activities is expected to amount to €5.7 million (FY2019: €1.4 million) reflecting servicing of liabilities (interest on bonds and bank loans and loan repayments) as well as expected dividend payments.

10. STATEMENT OF FINANCIAL POSITION

as at 31 January	Actual 2017 €'000	Actual 2018 €'000	Actual 2019 €'000	Forecast 2020 €'000
Assets				
Non-Current Assets				
Property, Plant & Equipment	110,889	117,475	116,720	125,219
Intangible Assets	616	574	534	492
Deferred Tax Assets	3,486	5,341	7,446	8,196
Investment in Jointly controlled Entity	-	-	-	-
Trade & Other Receivables	3,002	3,710	2,853	2,939
Total Non-Current Assets	117,993	127,100	127,553	136,846
Current Assets				
Inventories	14,569	13,652	15,165	14,407
Trade & Other Receivables	18,316	19,051	20,695	21,316
Current Tax Assets	29	5	5	5
Cash & Cash Equivalents	768	3,720	7,578	6,290
Total Current Assets	33,682	36,428	43,443	42,018
Non-Current Assets classified as held for sale	*31,266*	-	-	-
Total Assets	182,941	163,528	170,996	178,863
Equity and Liabilities				
Capital & Reserves				
Share Capital	9,000	9,000	9,000	9,000
Reserves	114,271	87,632	99,273	110,136
Total Equity	123,271	96,632	108,273	119,136
Non-Current Liabilities				
Trade & Other Payables	905	764	610	500
Derivative Financial Instruments	750	436	383	300
Borrowings	31,581	33,188	35,058	33,916
Provision for other liabilities and charges		64	35	39
Total Non-Current Liabilities	33,236	34,452	36,086	34,755
Current Liabilities				
Provision for Other Liabilities & Charges	36	56	61	49
Trade & Other Payables	18,974	21,507	19,473	18,499
Current Tax Liabilities	570	910	1,257	1,187
Derivative Financial Instruments	335	325	209	200
Borrowings	4,382	9,646	5,637	5,037
Total Current Liabilities	24,297	32,444	26,637	24,972
Liabilities attributable to non-current assets held for sale	*2,137*	-	-	-
Total Liabilities	**59,670**	**66,896**	**62,723**	**59,727**
Total Equity & Liabilities	182,941	163,528	170,996	178,863
Shares Outstanding	*30,000*	*30,000*	*30,000*	*30,000*
Net Asset Value per Share (€)	4.109	3.221	3.609	3.971

FY2019 REVIEW

The Group's total asset base has inherently been made up to the extent of almost 70% from '*property, plant & equipment*' (PPE). The main contributor to the increase in total assets between FY2018 and FY2019 is the increased cash and cash equivalents generated through the Group's increased operations and management of trade receivables. Inventories and receivables also increased albeit to a smaller extent. Total equity increased, reflecting the increased profits included in retained earnings (net of dividends distributed), which contributed to a 12% increase in total equity.

On the liabilities side, overall Group borrowings decreased as some bank loan moratoriums expired and capital repayments initiated. In fact, overall Group gearing is down year on year from an already respectable 28.8% at the end of financial year 2018 to 23.4% at the end of financial year 2019. Net borrowings decreased by €6 million by the end of the year under review.

Below is an analysis of the Group's funding mix and movements over the past three years:

as at 31 January	*Actual* ***2017*** *€'000*	*Actual* ***2018*** *€'000*	*Actual* ***2019*** *€'000*
Borrowings			
Bank overdrafts & short-term borrowings	4,382	9,646	5,637
Bank Borrowings (long-term)	15,876	12,898	14,889
Finance Lease Liability	720	585	448
6.0% Bonds 2017- 2020	14,985	-	-
3.5% Bonds 2017 -2027	-	19,705	19,721
Total Borrowings	**35,963**	**42,834**	**40,695**
Cash & equivalents	(768)	(3,720)	(7,578)
Net Debt	**35,195**	**39,114**	**33,117**
Equity			
Share Capital	9,000	9,000	9,000
Revaluation & Other Reserves	59,146	49,409	49,409
Hedging Reserves	(705)	(495)	(385)
Retained Earnings	55,830	38,718	50,249
Total Equity	**123,271**	**96,632**	**108,273**
Total Funding	**158,466**	**135,746**	**141,390**
Gearing *(Net Debt / Total Net Funding)*	22.2%	28.8%	23.4%

Forecast FY2020

In view of the planned ongoing capital expenditure program, PPE is projected to increase by 7.3% or €8.4 million from €116.77 million to €125.2 million. The principal ongoing additions in this regard relate to investment in new car and truck fleets and the installation and commissioning of further investments in various parts of the plants such as the process block control system, refrigeration and boiler equipment, together with the ongoing investment for the regeneration of the Old Brew House. Other than the above, current assets are expected to drop marginally principally on account of lower inventories together with a slight reduction in year-end cash and cash equivalents (gross of bank overdraft balances).

On the liabilities side, total borrowings are expected to decrease from €40.1 million to €38.9 million as further capital repayments on bank loans are made. Elsewhere, trade and other payables are also forecast to drop marginally bringing total liabilities down from €62.7 million to €59.7 million. Total equity is expected to increase to €119.1 million in FY2020 from €108.2 million in FY2019 - representing an increase of 10% over the year on account of profit retention following forecasted FY2020 dividend distributions.

11. Ratio Analysis

The following set of ratios have been computed by Rizzo Farrugia & Co. (Stockbrokers) Ltd using the figures extracted from annual reports as well as information provided by management.

Profitability Ratios

The below is a set of ratios prepared to assist in measuring a company's ability to generate profitable sales from its assets.

	Actual FY2017	*Actual FY2018*	*Actual FY2019*	*Forecast FY2020*
Gross Profit margin *(Gross Profit / Revenue)*	39.08%	39.02%	39.75%	40.16%
EBITDA margin *(EBITDA / Revenue)*	23.45%	23.28%	23.27%	22.78%
Operating Profit margin *(Operating Profit / Revenue)*	14.58%	15.44%	15.37%	14.60%
Net Profit margin *(Profit for the period / Revenue)*	13.77%	14.49%	15.16%	14.24%
Return on Equity *(Profit for the period / Average Equity)*	10.43%	12.52%	14.77%	12.98%
Return on Capital Employed *(Profit for the period / Average Capital Employed)*	8.21%	9.21%	10.49%	9.62%
Return on Assets *(Profit for the period / Average Assets)*	7.02%	7.94%	9.05%	8.44%

The Group has over the years been able to generate double-digit returns on equity. The resilience of the key figures is notable and confirm the wise investments made over the years in process innovation and increased production and distribution efficiencies that are now producing the desired results. Going forward, the Company is expecting a marginal decline in almost all profitability ratios mainly as a result of increased costs related principally to human resources, increased market competition, as well as additional depreciation.

Liquidity Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its short-term obligations.

	Actual FY2017	*Actual FY2018*	*Actual FY2019*	*Forecast FY2020*
Current Ratio *(Current Assets / Current Liabilities)*	1.39x	1.12x	1.63x	1.68x
Cash Ratio *(Cash & cash equivalents / Current Liabilities)*	0.03x	0.11x	0.28x	0.25x

The Group's current ratio historically has always stood over 1x. The cash ratio has been low over the years, as the Group utilised banking facilities in addition to cash flow generated from operations to finance its capital investments. This has however improved markedly in 2019 following a shift from current to long term liabilities (principally borrowings) and is expected to remain almost unchanged through to FY2020.

Solvency Ratios

The below is a set of ratios prepared to assist in measuring a Company's ability to meet its debt obligations.

	Actual FY2017	*Actual FY2018*	*Actual FY2019*	*Forecast FY2020*
Interest Coverage ratio *(EBITDA / Net finance costs)*	14.x	18.32x	18.74x	20.96x
Gearing Ratio (1) *(Net debt / Total Equity)*	0.29x	0.40x	0.31x	0.27x
Gearing Ratio (2) *[Total debt / (Total Debt plus Total Equity)]*	22.59%	30.71%	27.32%	24.64%
Net Debt to EBIDTA *(Net Debt / EBIDTA)*	1.70x	1.77x	1.43x	1.38x

The Group's financial position remains very healthy. In FY2019, the interest coverage ratio remained almost unchanged at over 18 times. Additionally, gearing decreased as a result of the increase in the total equity base and reduced net debt. The Group's net debt to EBITDA metric is just 1.43 (down from 1.77), meaning that with the current levels of EBITDA, it would take the Group less than two years to repay net debt in full.

12. VARIANCES ANALYSIS

Group Income Statement *as at 31 January*	*Actual* ***2019*** *€'000*	*Forecast* ***2019*** *€'000*	*Variance* *%*
Revenue	99,798	100,673	*-0.9*
Cost of Sales	(60,125)	(61,157)	*-1.7*
Gross Profit	**39,673**	**39,516**	*+0.4*
Selling & Distribution Costs	(11,496)	(11,554)	*-0.5*
Administrative Expenses	(12,843)	(14,011)	*-8.3*
Operating Profit	**15,334**	**13,951**	*+9.9*
Depreciation & Amortisation & One-off Adjustments	*7,886*	*8,486*	*-7.1*
EBITDA	*23,220*	*22,437*	*+3.5*
Investment Gains	-	-	
Finance Costs	(1,239)	(1,211)	*+2.3*
Profit before Tax	**14,095**	**12,740**	*+10.6*
Tax Income	1,036	500	*+107.2*
Discontinued Operations	-	-	
Profit for the Year	**15,131**	**13,240**	*+14.3*
Shares outstanding	30,000	30,000	
EPS – Earnings Per Share (€)	**0.504**	**0.441**	*+14.3*

Total revenue for FY2019 reached just under €100 million, marginally below the figure forecasted in last year's FAS. All other line items also varied by amounts considered to be immaterial. Nevertheless, operating profit was just under 10% ahead of forecasts principally on account of lower administrative expenses mainly resulting from a favourable movement in allowances recognised in the income statement with respect to trade and other receivables following the implementation of enhanced processes in their management together with a lower depreciation charge compared to that forecast mainly as a result of timing differences in the capital expenditure spend. The latter also resulted in EBITDA levels which were 3.5% higher than forecast to a record level of €23.2 million. Actual finance costs were almost in line with those projected. As a result of all the above, the Group profit before tax exceeded forecasts by almost 11%. With tax income just over double the figure projected, Group profit for the year is just over 14% better than forecast.

SHARES

SFC's shares have been listed on the Official List of the Malta Stock Exchange since 20 December 1995.

Issued Share Capital:	30,000,000 ordinary shares with a nominal value of €0.30 per share
ISIN:	MT0000070103

DEBT SECURITIES

SFC's listed debt securities comprise:

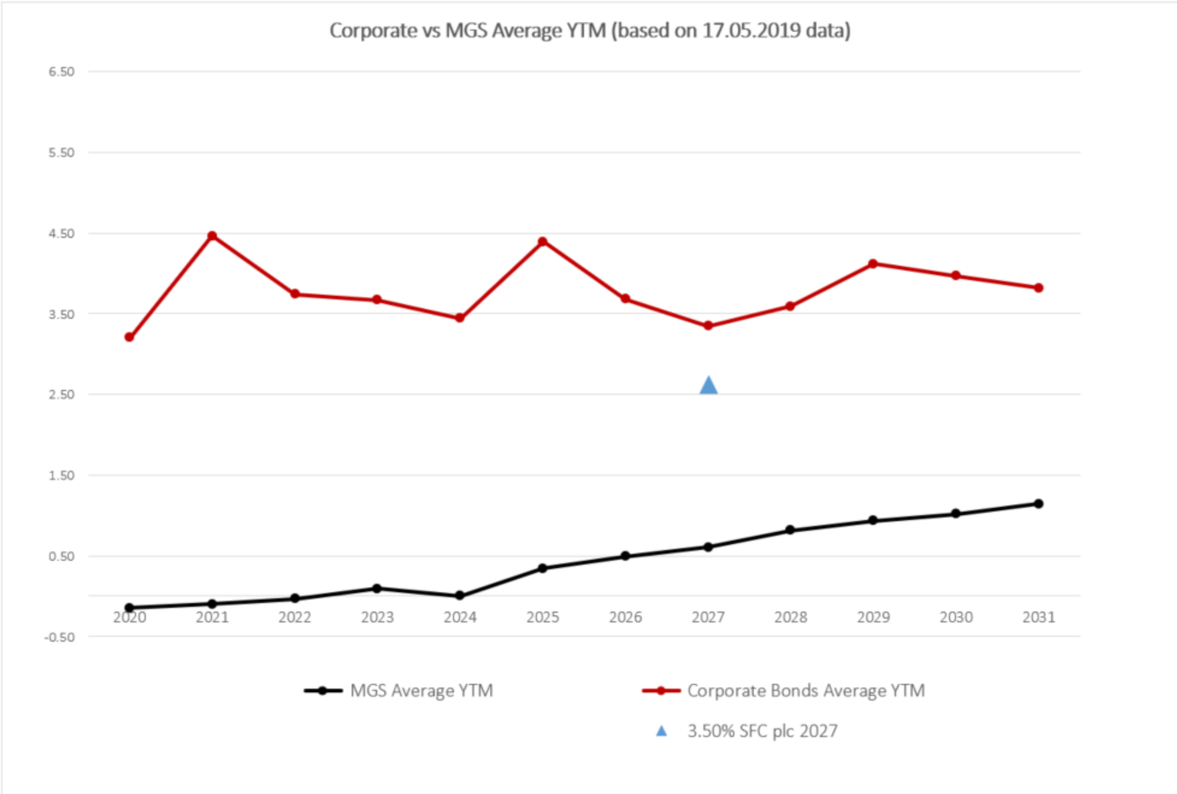
Bond:	€20,000,000 3.5% unsecured bonds
ISIN:	MT0000071234
Redemption:	13 September 2027, at par
Prospectus Date:	31 July 2017

The table below compares the Issuer to other listed debt on the local market having broadly similar maturities. The list excludes issues by financial institutions. The comparative set includes local groups whose assets, strategy and level of operations may vary significantly from those of the Issuer and are therefore not directly comparable. Nevertheless, the table below provides a sample of some comparatives:

	Outstanding Amount (€)	Total Assets (€'000)	Total Equity (€'000)	Gearing Ratio (%)	Net Debt to EBITDA (times)	Interest Cover (times)	YTM (%)
4.50% GHM plc 2027	15,000,000	22,252	3,290	80.57	3.37	2.34	3.93
4.35% SD Finance plc 2027	65,000,000	229,882	63,770	53.73	3.11	5.93	3.54
4.00% Eden Finance plc 2027	40,000,000	185,717	103,511	34.22	4.00	5.70	3.13
3.75% Tumas Investments plc 2027	25,000,000	266,910	154,483	26.57	0.47	33.79	3.05
3.50% Simonds Farsons Cisk plc 2027	20,000,000	170,996	108,273	27.32	1.43	18.72	2.62
3.75% Virtu Finance plc 2027	25,000,000	153,636	90,374	24.11	1.95	25.40	3.17
4.00% Exalco Finance plc 2028 (Secured)	15,000,000	67,003	36,566	38.20	6.52	4.00	3.21
4.85% Melite Finance plc 2028 (Secured)	9,250,000	15,775	5,976	59.95	25.41	4.38	4.09
4.50% Endo Finance plc 2029	13,500,000	25,357	8,443	64.30	5.39	4.41	4.37
4.00% SP Finance plc 2029 (Secured)	12,000,000	22,236	16,360	17.19	3.31	6.02	3.86

Source: Yield to Maturity from rizzofarrugia.com, based on bond prices of 17.05.2019. Ratio workings and financial information quoted have been based on the financial statements of issuers (or their guarantors where applicable) as published for financial year ended 31 December 2018 (or later, as applicable).

The chart below compares the Simonds Farsons Cisk plc bond to other corporate bonds listed on the Malta Stock Exchange and benchmarked against the Malta Government Stock yield curve as at 17 May 2019.



At a coupon of 3.50% per annum, the Simonds Farsons Cisk plc 2027 bond yields 2.62% per annum to maturity. This is equivalent to approximately 220 basis points over the average yield to maturity of Malta Government Stock (MGS) maturing in 2027 and approximately 70 basis points below the average yield to maturity of corporate bonds maturing in 2027 (data correct as at 17 May 2019).

INCOME STATEMENT EXPLANATORY DEFINITIONS

Revenue	Total revenue generated by the company from its business activity during the financial year.
EBITDA	Earnings before interest, tax, depreciation and amortization, reflecting the company's earnings purely from operations.
Normalisation	Normalisation is the process of removing non-recurring expenses or revenue from a financial metric like EBITDA, EBIT or earnings. Once earnings have been normalised, the resulting number represents the future earnings capacity that a buyer would expect from the business.
EBIT	Earnings before interest and tax.
Depreciation and Amortization	An accounting charge to compensate for the reduction in the value of assets and the eventual cost to replace the asset when fully depreciated.
Finance Income	Interest earned on cash bank balances and from the intra-group companies on loans advanced.
Finance Costs	Interest accrued on debt obligations.
Net Profit	The profit generated in one financial year.

CASH FLOW STATEMENT EXPLANATORY DEFINITIONS

Cash Flow from Operating Activities	The cash used or generated from the company's business activities.
Cash Flow from Investing Activities	The cash used or generated from the company's investments in new entities and acquisitions, or from the disposal of fixed assets.
Cash Flow from Financing Activities	The cash used or generated from financing activities including new borrowings, interest payments, repayment of borrowings and dividend payments.

STATEMENT OF FINANCIAL POSITION EXPLANATORY DEFINITIONS

Assets	What the company owns which can be further classified in Current and Non-Current Assets.
Non-Current Assets	Assets, full value of which will not be realised within the forthcoming accounting year
Current Assets	Assets which are realisable within one year from the statement of financial position date.

Liabilities	What the company owes, which can be further classified in Current and Non-Current Liabilities.
Current Liabilities	Obligations which are due within one financial year.
Non-Current Liabilities	Obligations which are due after more than one financial year.
Equity	Equity is calculated as assets less liabilities, representing the capital owned by the shareholders, retained earnings, and any reserves.

Profitability Ratios

EBITDA Margin	EBITDA as a percentage of total revenue.
Operating Profit Margin	Operating profit margin is operating profit achieved during the financial year expressed as a percentage of total revenue.
Net Profit Margin	Net profit margin is profit after tax achieved during the financial year expressed as a percentage of total revenue.
Return on Equity	Return on equity (ROE) measures the rate of return on the shareholders' equity of the owners of issued share capital, computed by dividing profit after tax by shareholders' equity.
Return on Capital Employed	Return on capital employed (ROCE) indicates the efficiency and profitability of a company's capital investments, estimated by dividing operating profit by capital employed.
Return on Assets	This is computed by dividing profit after tax by total assets.

Liquidity Ratios

Current Ratio	The current ratio is a financial ratio that measures whether a company has enough resources to pay its debts over the next 12 months. It compares a company's current assets to its current liabilities.
Cash Ratio	Cash ratio is the ratio of cash and cash equivalents of a company to its current liabilities. It measures the ability of a business to repay its current liabilities by only using its cash and cash equivalents and nothing else.

Solvency Ratios

Interest Coverage Ratio	This is calculated by dividing a company's EBITDA of one period by the company's net finance costs of the same period.
Gearing Ratio	The gearing ratio indicates the relative proportion of shareholders' equity and debt used to finance a company's

	assets, and is calculated by dividing a company's net debt by net debt plus shareholders' equity.
Net Debt to EBITDA	This is the measurement of leverage calculated by dividing a company's interest-bearing borrowings net of any cash or cash equivalents by its EBITDA.

OTHER DEFINITIONS

Yield to Maturity	YTM is the rate of return expected on a bond which is held till maturity. It is essentially the internal rate of return on a bond and it equates the present value of bond future cash flows to its current market price.

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