Alteo

sugar • energy • property | Vision in Motion

ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED MARCH 31, 2019

"Alteo Group reports a slight drop in normalised EBITDA as the improved performance of the property operations in Mauritius mostly offset the drop in the performance of the sugar and energy operations"

GROUP HIGHLIGHTS FOR THE NINE MONTH PERIOD

9% REVENUE

3% Normalised EBITDA

24% PAT

58% EPS

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited 3 Months to 31 Mar 19	Unaudited 3 Months to 31 Mar 18	Unaudited 9 Months to 31 Mar 19	Unaudited 9 Months to 31 Mar 18
		Rs 000	Rs 000	Rs 000	Rs 000
REVENUE		1,722,059	1,722,784	6,827,099	6,250,332
Normalised earnings before interests, taxation, depreciation and amortisation		610,095	422,812	1,714,832	1,774,225
Other income and expenses		48,008	52,334	121,587	202,726
Earnings before interests, taxation, depreciation and amortisation		658,103	475,146	1,836,419	1,976,951
Depreciation, amortisation and release of deferred income		(251,817)	(201,945)	(587,188)	(576,447)
Earnings before interest and taxation		406,286	273,201	1,249,231	1,400,504
Finance costs		(123,879)	(91,916)	(383,491)	(315,928)
Share of results of joint ventures & associates		(2,784)	(262)	220	490
Profit before taxation		279,623	181,023	865,960	1,085,066
Taxation		(103,064)	(154,065)	(394,316)	(466,571)
Profit for the year		176,559	26,958	471,644	618,495
Other comprehensive income for the period		52,241	(25,110)	(9,633)	(114,012)
Total comprehensive income for the period		228,800	1,848	462,011	504,483
Profit attributable to:					
Owners of the parent		78,958	(119,217)	47,379	113,461
Non-Controlling interests		97,601	146,175	424,265	505,034
		176,559	26,958	471,644	618,495
Total comprehensive income attributable to:					
Owners of the parent		110,880	(132,253)	48,488	53,348
Non-Controlling interests		117,919	134,101	413,523	451,135
		228,799	1,848	462,011	504,483
Earnings per share	Rs	0.25	(0.37)	0.15	0.36
Dividend per share	Rs	0.32	0.35	0.32	0.35

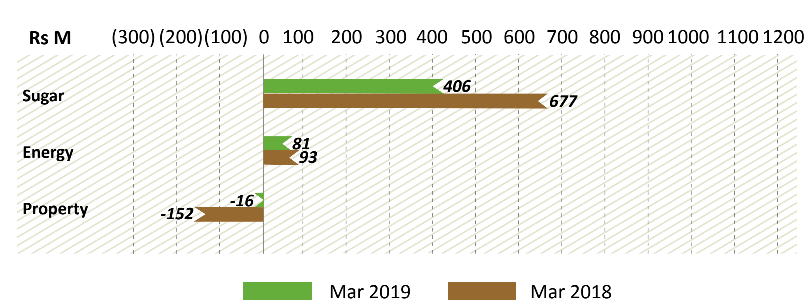
GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Mar 19	Unaudited 3 Months to 31 Mar 18	Unaudited 9 Months to 31 Mar 19	Unaudited 9 Months to 31 Mar 18
	Rs 000	Rs 000	Rs 000	Rs 000
Revenue by Cluster				
Sugar	1,418,151	1,330,760	5,489,285	5,199,089
Energy	185,011	339,494	915,046	959,804
Property	160,348	78,043	541,663	182,860
Consolidation adjustments	(41,451)	(25,513)	(118,895)	(91,421)
Total turnover	1,722,059	1,722,784	6,827,099	6,250,332
Revenue by Country				
Mauritius	498,041	520,160	2,900,358	2,882,414
Tanzania	823,568	912,935	2,488,721	2,554,433
Kenya	441,901	315,202	1,556,915	904,906
Consolidation adjustments	(41,451)	(25,513)	(118,895)	(91,421)
Total turnover	1,722,059	1,722,784	6,827,099	6,250,332
Results by Cluster				
Sugar	200,024	73,720	406,478	676,921
Energy	(50,072)	10,421	81,268	93,321
Property	26,607	(57,183)	(16,102)	(151,747)
Profit for the period	176,559	26,958	471,644	618,495
Results by Country				
Mauritius	(45,732)	(262,783)	(185,543)	(213,817)
Tanzania	311,944	382,349	780,476	1,119,839
Kenya	(89,653)	(92,608)	(123,289)	(287,527)
Profit for the period	176,599	26,958	471,644	618,495

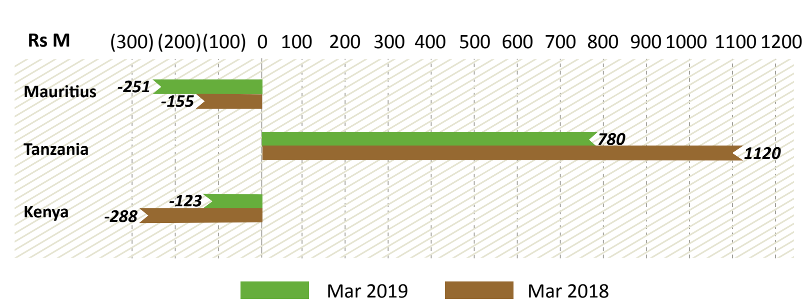
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 Mar 19	Audited 30 Jun 18
		Rs 000	Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant and equipment		19,861,869	20,101,214
Investment properties		1,660,788	1,646,386
Intangible assets		1,787,809	1,785,920
Investment in joint ventures & associates		126,032	21,639
Investment in available-for-sale financial assets		13,604	56,140
Deferred tax assets and other non current receivables		139,699	216,103
		23,589,801	23,827,402
Current assets		6,128,368	6,308,094
Non-current assets held for sale		320,448	308,039
TOTAL ASSETS		30,038,617	30,443,535
EQUITY AND LIABILITIES			
Shareholders' interests		16,723,238	16,777,506
Non-controlling interests		2,502,468	2,257,974
Non-current liabilities		7,130,054	6,238,471
Current liabilities		3,682,857	5,169,584
TOTAL EQUITY AND LIABILITIES		30,038,617	30,443,535
Net asset value per share	Rs	52.51	52.68
Number of shares in issue	No	318,492,120	318,492,120

PROFIT FOR THE PERIOD BY CLUSTER



SUGAR CLUSTER PROFIT FOR THE PERIOD BY COUNTRY



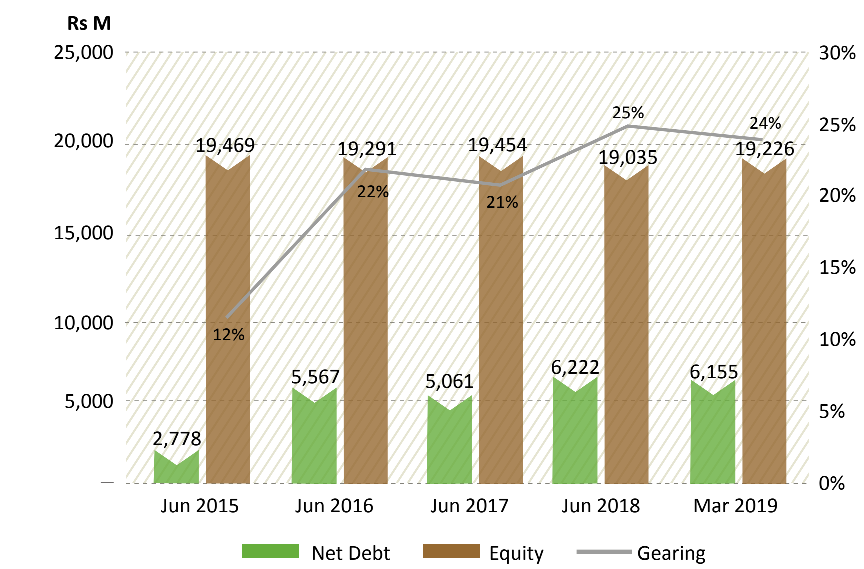
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Mar 19	Unaudited 31 Mar 18
	Rs 000	Rs 000
Net cash flow from operating activities	440,246	680,212
Net cash flow from/(used in) investing activities	65,314	(467,274)
Net cash flow from/ (used in) financing activities	11,384	(485,992)
Net Increase/(decrease) in cash and cash equivalents	516,944	(273,054)
Cash and cash equivalents at July 1	(1,287,990)	(680,097)
Cash and cash equivalents at March 31	(771,046)	(953,151)

GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of parent	Non Controlling interests	Total Equity
	Rs 000	Rs 000	Rs 000
At 1 July 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the year	48,488	413,523	462,011
Movement in reserves	(839)	-	(839)
Dividend	(101,917)	(169,029)	(270,946)
At 31 March 2019	16,723,238	2,502,468	19,225,706
At 1 July 2017	16,035,900	2,427,763	18,463,663
Total comprehensive income for the year	53,348	451,135	504,483
Movement in reserves	(484)	91	(393)
Dividend	(111,472)	(281,118)	(392,590)
At 31 March 2018	15,977,292	2,597,871	18,575,163

GEARING



COMMENTS

GROUP REVIEW FOR THE NINE MONTH PERIOD

SLIGHTLY LOWER GROUP EBITDA PERFORMANCE ON A NORMALISED BASIS

Group revenue increased by 9% in the nine month period under review, mainly explained by the better sales achieved by the Kenyan sugar operations and the Property cluster. Normalised EBITDA decreased by 3% as the better performance of the Property cluster mostly offset those of the Sugar and Energy clusters. However, profit after tax dropped by 24% and earnings per share deteriorated by 58% over the period being mainly influenced by the lower gains on the sale of land recognised under Other income and expenses. Finance costs increased as the group geared up to finance the further development of its sugar operations in Tanzania and Kenya.

SUGAR

DROP IN RESULTS MAINLY DRIVEN BY LOWER PROFITABILITY ON SALES OF IMPORTED SUGAR BY TPC LTD

The Sugar cluster suffered a decline in performance with profits of Rs406m for the period under review compared to Rs677m last year. This drop in profitability was largely attributable to TPC Ltd as priority was given to the sales of lower margin imported sugar in the first semester and the operations continued to suffer from a lower average price. This situation is expected to reverse in the last quarter as the company clears its stock of own produced sugar.

The Mauritian sugar operations suffered a loss of Rs251m compared to a loss of Rs155m last year. After adjusting for non-recurring items, these losses reached Rs374m and Rs355m for the respective periods. The operations recently benefited from insurance compensations of Rs84m with respect to crop 2017. Further, last year's losses included substantially higher negative movements on the fair value of biological assets. The Mauritian sugar operations remain under significant stress.

A significantly higher production and sales volume continued to be observed in Kenya as a result of an enhanced sugar cane availability. The medium term strategy of accelerated cane development implemented as from January 2017 has translated into an increasing cane throughput as from July 2018, the average cane growth cycle being 18 months in the Transmara region. Average prices on the domestic market continued to improve during the period.

ENERGY

LOWER PROFITABILITY WITH ONLY ONE PLANT OPERATING IN THE THIRD QUARTER

The Energy cluster posted lower profits as no contribution was received from Consolidated Energy Co Ltd (CEL) in the third quarter following its closure in December 2018. The results of Alteo Energy Ltd (AEnL) were at par with last year.

PROPERTY

RESULTS CONTINUED TO IMPROVE WITH HIGHER PROPERTY SALES REVENUE RECOGNITION

Property sales revenue continued to be recognised during the period as the construction works progressed on eight villas sold off-plan and the sale of four serviced plots were signed. Anahita Golf & Spa Resort and Anahita Golf Club posted slightly lower results as the course was closed to paying guests to host the Afrasia Bank Mauritius Open tournament during the peak golfing month of November.

OUTLOOK

GROUP PERFORMANCE EXPECTED TO BE SUPPORTED BY THE EAST AFRICAN SUGAR OPERATIONS

In the short to medium term, the Mauritian sugar operations will continue to be affected by adverse price conditions on the world market, and the EU market in particular, and will remain heavily dependent on cash generated from the sale of land to finance operational losses. An enhanced sugar cane availability, as the area under cane continues to develop, is expected to continue to be beneficial to the Kenyan sugar operations. In Tanzania, the sales of own produced sugar should gradually catch up with last year's volumes over the last quarter as the current stock is cleared.

The energy cluster's year end results are expected to be lower than last year's with less contribution from CEL and a higher depreciation charge at AEnL following a recent review of the useful life of its equipment.

An improving trend in the property cluster results is anticipated as the construction of off-plan villas progresses and several sales of serviced plots are concluded in the final quarter of the year.

ASSET IMPAIRMENT

In view of the current sugar market environment and persisting low prices for sugar produced in Mauritius, management is currently conducting impairment tests on the carrying values of relevant assets within the group. Any resulting permanent diminution in carrying values will lead to an impairment which will be recognised in the consolidated statement of profit or loss in the final quarter of the financial year.

By Order of the Board
May 14, 2019

Notes: The condensed financial statements for the 9 months ended March 31, 2019 are unaudited, and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2018.
Copies of the above condensed unaudited financial statements and statement of direct and indirect interests of Officers of the Company as required under Rule 8(2)(m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available to the public, free of charge, at the registered address of the Company at Vivéa Business Park, Saint Pierre.
The above condensed unaudited financial statements are issued pursuant to Listing Rule 12.20 and the Securities Act 2005.
The Board of Directors of Alteo Limited accepts full responsibility for the accuracy of the information contained in these condensed financial statements