ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED JUNE 30, 2019

sugar • energy • property | Vision in Motion

"Alteo Group reports a fairly stable normalised EBITDA despite difficult market conditions for sugar operations in Mauritius"

GROUP HIGHLIGHTS

10% REVENUE

3% Normalised EBITDA

254% PAT

306% EPS

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited 30 Jun 19 Rs 000	Audited 30 Jun 18 Rs 000
REVENUE		8,997,439	8,176,275
Normalised earnings before interests, taxation, depreciation and amortisation		1,867,749	1,933,754
Other income and expenses		235,909	369,204
Earnings before interests, taxation, depreciation and amortisation		2,103,658	2,302,958
Release of deferred income		42,483	26,700
Depreciation and amortisation		(729,930)	(804,175)
Earnings before interests, taxation, impairment and allowance for expected credit losses		1,416,211	1,525,483
Impairment of assets and allowance for expected credit losses		(1,626,100)	-
(Loss)/earnings before interest and taxation		(209,889)	1,525,483
Finance income		30,636	121,419
Finance costs		(524,627)	(480,082)
Share of results of joint ventures & associates		(2,002)	7,203
(Loss)/profit before taxation		(705,882)	1,174,023
Taxation		(376,342)	(471,574)
(Loss)/profit for the year		(1,082,224)	702,449
Other comprehensive income for the year		7,243	590,609
Total comprehensive income for the year		(1,074,981)	1,293,058
(Loss)/profit attributable to:			
- Owners of the parent		(821,268)	397,818
- Non-controlling interests		(260,956)	304,631
		(1,082,224)	702,449
Total comprehensive income attributable to:			
- Owners of the parent		(785,848)	990,030
- Non-controlling interests		(289,133)	303,028
		(1,074,981)	1,293,058
Earnings per share	Rs	(2.58)	1.25
Dividend per share	Rs	0.67	0.78

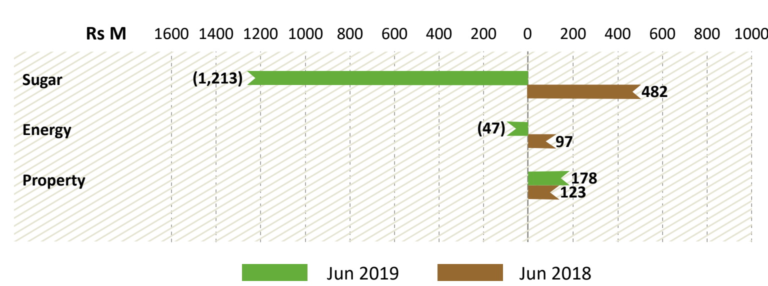
GROUP SEGMENTAL INFORMATION

	Audited 30 Jun 19 Rs 000	Audited 30 Jun 18 Rs 000
Revenue by Cluster		
Sugar	6,974,721	6,299,360
Energy	1,145,752	1,363,460
Property	1,146,198	682,127
Consolidation adjustments	(269,232)	(168,672)
Total revenue	8,997,439	8,176,275
Revenue by Country		
Mauritius	3,891,723	4,035,756
Tanzania	3,313,705	3,010,215
Kenya	2,061,243	1,298,976
Consolidation adjustments	(269,232)	(168,672)
Total revenue	8,997,439	8,176,275
(Loss)/profit allocated by Cluster		
Sugar	(1,212,745)	482,309
Energy	(47,131)	97,495
Property	177,652	122,645
(Loss)/profit for the year	(1,082,224)	702,449
(Loss)/profit allocated by Country		
Mauritius	(1,680,491)	205,212
Tanzania	819,637	965,982
Kenya	(221,370)	(468,745)
(Loss)/profit for the year	(1,082,224)	702,449

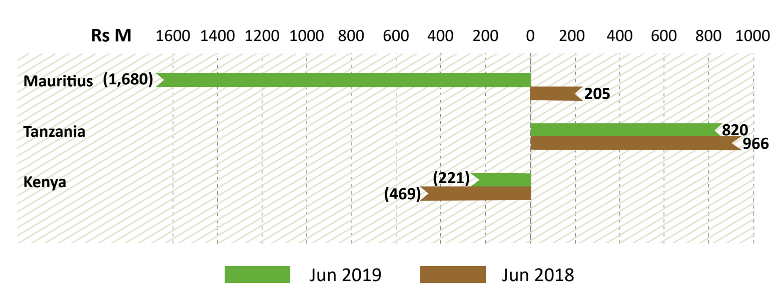
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Audited 30 Jun 19 Rs 000	Audited 30 Jun 18 Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant and equipment		18,810,609	20,101,214
Investment properties		1,646,386	1,646,386
Intangible assets		1,802,892	1,785,920
Investment in joint ventures & associates		92,996	21,639
Financial assets at fair value through OCI/available for sale financial assets		9,312	56,140
Deferred expenditure and other non current receivables		292,829	216,103
		22,655,024	23,827,402
Current assets		5,879,010	6,308,094
Non-current assets held for sale		0	308,039
TOTAL ASSETS		28,534,034	30,443,535
EQUITY AND LIABILITIES			
Shareholders' interests		15,778,268	16,777,506
Non-controlling interests		1,542,646	2,257,974
Non-current liabilities		7,002,897	6,238,471
Current liabilities		4,210,223	5,169,584
TOTAL EQUITY AND LIABILITIES		28,534,034	30,443,535
Net asset value per share	Rs	49.54	52.68
Number of shares in issue	No	318,492,120	318,492,120

(LOSS)/PROFIT ALLOCATED FOR THE YEAR BY CLUSTER



(LOSS)/PROFIT ALLOCATED FOR THE YEAR BY COUNTRY



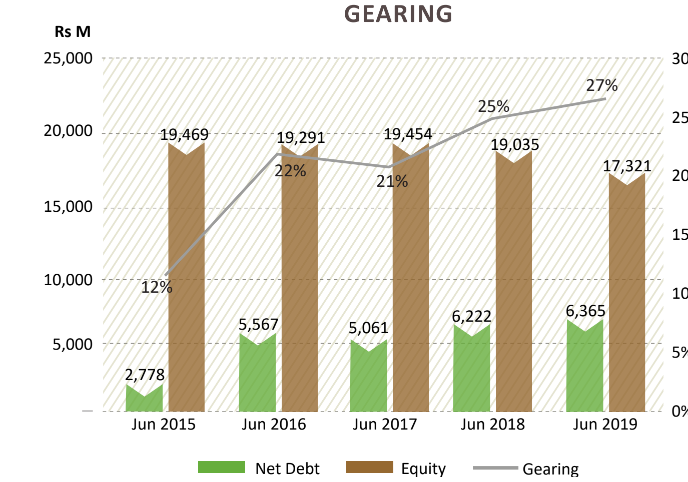
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Audited 30 Jun 19 Rs 000	Audited 30 Jun 18 Rs 000
Net cash flow from operating activities	1,106,350	484,323
Net cash flow (used in) investing activities	(482,580)	(794,534)
Net cash flow (used in) financing activities	(276,677)	(297,684)
Net Increase/(decrease) in cash and cash equivalents	347,093	(607,895)
Cash and cash equivalents at July 1	(1,287,990)	(680,095)
Cash and cash equivalents at June 30	(940,897)	(1,287,990)

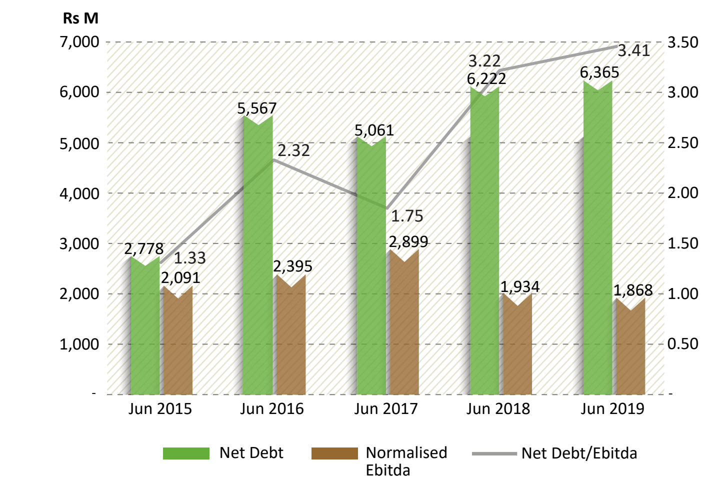
GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of parent Rs 000	Non-controlling interests Rs 000	Total equity Rs 000
At 1 July 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the year	(785,848)	(289,133)	(1,074,981)
Increase in share capital of subsidiary	-	34,162	34,162
Dividend	(213,390)	(460,357)	(673,747)
At 30 June 2019	15,778,268	1,542,646	17,320,914
At 1 July 2017	16,035,900	2,427,763	18,463,663
Total comprehensive income for the year	990,030	303,028	1,293,058
Movement in reserves	-	(35,411)	(35,411)
Dividend	(248,424)	(437,406)	(685,830)
At 30 June 2018	16,777,506	2,257,974	19,035,480

GEARING



EVOLUTION OF NET DEBT, EBITDA AND NET DEBT/EBITDA



COMMENTS

GROUP REVIEW FOR THE YEAR

FAIRLY STABLE GROUP EBITDA PERFORMANCE ON A NORMALISED BASIS

Group revenue increased by 12% for the year, mainly explained by the higher sales achieved by the Group's East African sugar operations and the Property cluster. Normalised EBITDA decreased slightly by 3% as the better performance of the Property cluster mostly offset those of the Sugar and Energy clusters. However, profit after tax and earnings per share experienced a significant deterioration caused by asset impairment charges within the Sugar and Energy clusters. These are further explained below.

Gearing and finance costs increased as the group geared up to finance further developments of its sugar operations in Tanzania and Kenya while equity was adversely affected by the asset impairment charges.

SUGAR

LOSSES LARGELY ATTRIBUTABLE TO ASSET IMPAIRMENT CHARGES

The Sugar cluster losses of Rs1.21bn for the year under review were largely attributable to the Mauritian sugar operations which suffered impairments of bearer biological assets, milling and refining equipment and spare parts as well as other idle milling equipment. The total asset impairment charges affecting these operations amounted to Rs1.46bn and resulted mainly from the current and prospective low sugar prices, reduced sugar feedstock available for refining and the limited market for second hand milling equipment. After adjusting for asset impairment charges and other non-recurring income and expenses, losses for the Mauritian sugar operations reached Rs744m for the current year and Rs454m for the comparative year.

TPC Ltd posted commendable results for the year despite a drop in profitability. The positive impact of additional production and sales volumes was offset by an adverse consumable biological assets fair value movement.

A significantly higher production and sales volumes were achieved 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. Higher average prices on the domestic market also contributed to the improved results.

ENERGY

LOWER PROFITABILITY DUE TO IMPAIRMENT CHARGE BUT BETTER PERFORMANCE ON A NORMALISED BASIS

The Energy cluster suffered an asset impairment charge of Rs170m as the Power Purchase Agreement of Consolidated Energy Co Ltd (CEL) expired in December 2018 and its operations subsequently closed. Adjusting for the impairment, the results of the Energy cluster were slightly better than last year with better controlled operating expenses at Alteo Energy Ltd (AEnL).

PROPERTY

RESULTS IMPROVED WITH HIGHER PROPERTY SALES REVENUE RECOGNITION

Higher property sales revenue from Anahita were recognised during the year as the construction works progressed on 8 villas sold off-plan and the sale of 13 serviced plots were signed. Anahita Golf & Spa Resort and Anahita Golf Club posted slightly lower results as the golf 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 PROPERTY CLUSTER AND 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 fund operational losses. In order to face this challenging context, management is restructuring its operations with the objective of achieving efficiency gains and cost reductions. At industry level, beyond the support measures implemented for crops 2018 and 2019, Government is yet to come forth with longer term reforms, including a comprehensive biomass framework.

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 while slightly lower yields are being observed in Tanzania.

The energy cluster's results going forward are expected to be adversely affected with no contributions from CEL and a higher depreciation charge at AEnL following a recent review of the useful life of its equipment.

The positive trend in the property cluster results is expected to be sustained as the construction of off-plan villas progresses and several sales of serviced plots continue to materialise.

By Order of the Board
September 20, 2019

The condensed financial statements are audited by Ernst &Young, and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Copies of the above condensed audited financial statements, the full audited financial statements and statement of direct and indirect interests of Officers of the Company 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 condensed audited financial statements are issued pursuant to Listing Rule 12.14 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.