

ALTEO LIMITED AND ITS SUBSIDIARIES FOR THE QUARTER ENDED SEPTEMBER 30, 2022

"Alteo's Agro-business, Property and East African sugar operations deliver significant growth in revenue and profitability over the first quarter"

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 30 Sep 22	Restated Unaudited 30 Sep 21
	Rs 000	Rs 000
Continuing operations		
REVENUE	1,665,298	1,006,887
Normalised earnings before interests, taxation, depreciation and amortisation	545,689	405,583
Other income and expenses	15,989	27,282
Earnings before interests, taxation, depreciation and amortisation	561,678	432,865
Depreciation, amortisation and release of deferred income	(87,790)	(82,548)
Earnings before interest and taxation	473,888	350,317
Finance costs	(35,989)	(40,933)
Share of results of joint ventures & associates	8,828	(4,993)
Profit before taxation	446,727	304,391
Taxation	(15,869)	(11,395)
Profit for the period from continuing operations	430,858	292,996
Profit from discontinued operations	544,501	391,528
Profit for the period	975,359	684,524
Other comprehensive income for the period	(17,949)	(1,235)
Total comprehensive income for the period	957,410	683,289
Profit attributable to:		
- Equity holders	612,330	407,731
- Non-controlling interests	363,029	276,793
	975,359	684,524
Total comprehensive income attributable to:		
- Equity holders	605,129	411,230
- Non-controlling interests	352,281	272,059
	957,410	683,289
Earnings per share	Rs 1.92	Rs 1.28
Dividend per share	Rs 0.00	Rs 0.00

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 30 Sep 22	30 Jun 22
	Rs 000	Rs 000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment and right-of-use assets	14,791,286	14,778,268
Investment properties	2,883,047	2,883,047
Intangible assets	968,147	968,147
Investment in joint ventures & associates	52,986	68,601
Financial assets at fair value through OCI	4,364	4,364
Deferred tax assets and other non current receivables	51,982	39,999
	18,751,812	18,742,426
Current assets	2,602,180	3,171,596
Assets classified as held for distribution	10,477,565	10,112,648
TOTAL ASSETS	31,831,557	32,026,670
EQUITY AND LIABILITIES		
Shareholders' interests	18,199,185	17,565,803
Non-controlling interests	2,047,531	1,747,076
Non-current liabilities	3,363,825	3,583,223
Current liabilities	1,431,780	2,180,353
Liabilities directly associated with assets classified as held for distribution	6,789,236	6,950,215
TOTAL EQUITY AND LIABILITIES	31,831,557	32,026,670
Net asset value per share	Rs 57.14	Rs 55.15
Number of shares in issue	No 318,492,120	318,492,120

GROUP SEGMENTAL INFORMATION

	Revenue		Profit/(loss)	
	30 Sep 22	30 Sep 21	30 Sep 22	30 Sep 21
	Rs 000	Rs 000	Rs 000	Rs 000
Cluster analysis				
Agro-business	1,060,583	791,683	309,308	262,748
Energy	225,409	153,978	29,807	28,230
Property	433,225	92,014	91,743	2,018
Consolidation adjustments	(53,919)	(30,788)	-	-
	1,665,298	1,006,887	430,858	292,996
Sugar (East Africa) (discontinued operations)	1,948,342	1,871,195	544,501	391,528
	3,613,640	2,878,082	975,359	684,524
Country analysis				
Mauritius	1,665,298	1,006,887	430,858	292,996
Tanzania (discontinued operations)	918,528	924,202	445,695	392,801
Kenya (discontinued operations)	1,029,814	946,993	98,806	(1,273)
	3,613,640	2,878,082	975,359	684,524

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 30 Sep 22	Unaudited 30 Sep 21
	Rs 000	Rs 000
Net cash flow from operating activities	866,753	374,562
Net cash flow used in investing activities	(165,981)	(181,439)
Net cash flow used in financing activities	(730,435)	(159,324)
Net (decrease)/ increase in cash and cash equivalents	(29,663)	33,799
Cash and cash equivalents at July 1,	(530,296)	(429,675)
Cash and cash equivalents at September 30	(559,959)	(395,876)

GROUP HIGHLIGHTS*

26%
REVENUE

30%
Normalised
EBITDA

42%
PAT

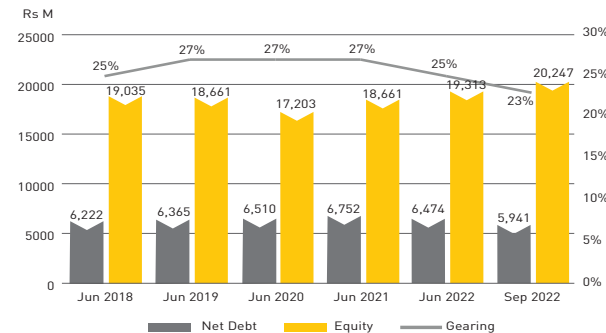
50%
EPS

* Figures shown include discontinued operations

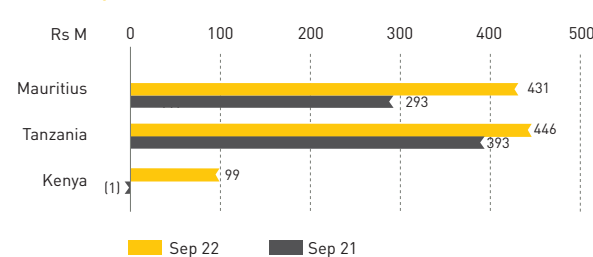
GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity holders Rs'000	Non- controlling interests Rs'000	Total equity Rs'000
	Rs 000	Rs 000	Rs 000
At 1 July 2022	17,565,804	1,747,076	19,312,880
Total comprehensive income for the period	605,129	352,281	957,410
Change in ownership without loss in control	28,252	(28,252)	-
Reduction in share capital of subsidiary	-	(8,884)	(8,884)
Dividend	-	(14,690)	(14,690)
At 30 September 2022	18,199,185	2,047,531	20,246,716
At 1 July 2021	17,009,402	1,651,147	18,660,549
Total comprehensive income for the period	411,230	272,059	683,289
At 30 September 2021	17,420,632	1,923,206	19,343,838

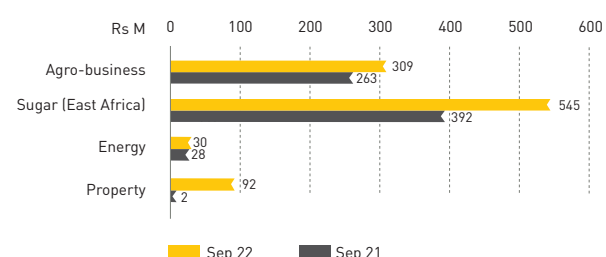
GEARING



PROFIT/(LOSS) FOR THE QUARTER ALLOCATED BY COUNTRY



PROFIT FOR THE QUARTER ALLOCATED BY CLUSTER



FINANCIAL PERFORMANCE REVIEW

GROUP SUMMARY

Alteo delivered strong growth with consolidated* headline revenue increasing by 26% compared to the prior year in Q1, to reach Rs 3.6bn from both Mauritian and East African operations. This translated into an equivalent normalised EBITDA of Rs 1.6bn, representing a 30% improvement over the prior corresponding period. The consolidated profit after tax for the Group reached Rs 975m, a 42% increase over last year.

Collectively, these results have benefitted from better sugar prices, boosting the results of the Agro-business and East African sugar operations, and the delivery of the final plots of the Mont Piton 2 residential development project. Operating expenditure remained tightly controlled across all operations but continued to be impacted by the high costs of inputs and freight. Overall, these results showcase the Group's ability to deliver robust improvements in performance despite ongoing market and consumer demand uncertainty.

*see group restructuring notes and updates

MAURITIUS – AGRO-BUSINESS

Sugar prices boost results across our agricultural and milling operations

As part of Alteo's rebranding exercise, the Mauritius sugar cluster has been renamed as Agro-business and now encompasses our sugar, agricultural diversification and milling operations. The cluster posted strong revenue growth to reach over Rs 1bn, compared to Rs 792m in September 2021, benefitting from a Rs 6k price increase per tonne of sugar. PAT saw an 18% increase to Rs 309m.

EAST AFRICA – SUGAR

Enhanced productivity and sugar prices drive up the bottom line across East African operations

Tanzanian operations at TPC Ltd saw record output in cane tonnage crushed. Revenue edged slightly lower due to less imported sugar sold. The equivalent drop in cost of sales compensated for increased operating costs resulting in higher normalised EBITDA (up 15%) and profitability (up 13%) to Rs 764m and Rs 446m respectively.

Kenyan operations crushed less cane due to workers being off during elections in July. However, with higher prices achieved, revenue increased by 9% versus Q1 last year with normalised EBITDA of Rs 281m (a 79% increase) and profitability of Rs 99m compared to a small loss last year. These results demonstrate the sound progress to date and the future potential going forward.

ENERGY

Energy production remains steady with 44 GWh exported to the grid

Energy export to the grid remained on par with last year with profitability marginally higher at Rs 30m versus Rs 28m.

PROPERTY

Residential sales and recovering resort and golf operations improve performance

The Property cluster saw a significant revenue increase to Rs 433m, up Rs 341m from the prior year, driven in large part by the delivery of the final plots from the Mont Piton 2 residential development project. Anahita Estates also saw higher sales of villas and land, resulting in an improved gross margin.

The resumption of tourism activity drove up resort occupancy and golf rounds. As a result, the cluster saw profitability rise to Rs 92m including the flow-through impact of enhanced revenue from operations and Rs 20m of gains on disposal of bulk land sales.

OUTLOOK

The Group's performance strongly validates the timing of its decision to restructure as it seeks to pivot and grow its local property and regional sugar businesses respectively

The concurrent highly successful delivery of 2 residential development projects over FY22 and Q1 of FY23 has proven the ability of the Group to successfully satisfy the demand for its value offerings across various consumer segments and price points. The upcoming Anahita Beau Champ smart city project to be launched towards the beginning of the next calendar year stands as a beacon for Alteo's ambition to be the champion of sustainable and green development in the East.

A fresh brand and a focus on responsible development were recently unveiled and this will infuse renewed dynamism across all of Alteo's clusters including the strengthening and further expansion of our Agro-business operations. In line with this target, successful negotiations were concluded in October with trade unions, securing stability for the coming years. In addition, the Group has held positive talks with the Central Electricity Board with a view to finalising its power purchase agreement over the next few weeks.

For the remainder of the financial year, the pipeline of reservations for Anahita remains strong although there will be no further contribution from other residential sales as both Mont Piton 2 and Balnea 2 are now fully delivered. Within Agro-business, total cane harvest is expected to be lower this year. Progress in quarter 2 for the cluster is likely to be less impactful as the first quarter.

Our East African operations are expected to be listed separately towards the end of November as 'Miwa Sugar' on the Development and Enterprise Market (DEM). As a USD-denominated listing, Miwa Sugar will offer investors a strong exposure to emerging businesses in East Africa as it seeks to diversify its revenue streams and look for opportunities for inorganic growth across a region that is largely deficient in sugar.

GROUP RESTRUCTURING NOTES AND UPDATES

Financials: All East African operations that will be transferred to Miwa Sugar Limited ("Miwa Sugar") and eventually spun off from Alteo Group have been classified as 'discontinued operations'. Where headline figures include the combined results from both Mauritian and East African operations, they have been termed as 'consolidated' within these comments.

Progress updates: On 29th October 2021, the Board of Alteo Limited announced its decision to restructure Alteo Group into two distinct listed groups with the ambition to create an agile structure to further develop its regional cane footprint through Miwa Sugar Ltd, whilst increasing the market visibility and value contribution of Alteo's property development activities in Mauritius. A Court sanction has been sought and obtained on 17th October 2022. A timeline for completion of the restructuring was shared with the market and it is now expected that both groups will trade separately on the SEM around the end of November 2022. Further communiques will be issued to the market as the exercise progresses.

By Order of the Board

November 11, 2022

Notes: The condensed financial statements for the quarter ended September 30, 2022 are unaudited and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2022.

This notice is issued pursuant to SEM Listing Rules 11.3 and 12.20.

The Board of Directors of Alteo Limited accepts full responsibility for the accuracy of the information contained in these condensed financial statements.