Alteo

sugar • energy • property | Vision in Motion

ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED MARCH 31, 2021

"Alteo Group reports significantly improved results driven by the better performance of the Sugar cluster"

GROUP HIGHLIGHTS FOR THE NINE MONTH PERIOD

- 9% REVENUE
- 52% Normalised EBITDA
- 2x PAT
- 3x EPS

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 Months to 31 Mar 21 Rs 000	Unaudited 3 Months to 31 Mar 20 Rs 000	Unaudited 9 Months to 31 Mar 21 Rs 000	Unaudited 9 Months to 31 Mar 20 Rs 000
REVENUE	2,286,393	2,405,637	7,518,540	6,887,595
Normalised earnings before interests, taxation, depreciation and amortisation	916,660	936,248	3,144,445	2,070,734
Other income and expenses	(8,070)	94,606	10,812	147,056
Earnings before interests, taxation, depreciation and amortisation	908,590	1,030,854	3,155,257	2,217,790
Depreciation, amortisation and release of deferred income	(204,751)	(181,942)	(561,167)	(531,129)
Earnings before interests and taxation	703,839	848,912	2,594,090	1,686,661
Finance costs	(130,310)	(139,142)	(352,811)	(407,946)
Share of results of joint ventures & associates	(6,723)	(15,679)	(43,076)	(8,632)
Profit before taxation	566,806	694,091	2,198,203	1,270,083
Taxation	(213,355)	(221,006)	(738,931)	(467,626)
Profit for the period	353,451	473,085	1,459,272	802,457
Other comprehensive income for the period	70,466	187,107	29,317	263,898
Total comprehensive income for the period	423,917	660,192	1,488,589	1,066,355
Profit attributable to:				
- Equity holders	148,568	203,236	718,625	263,768
- Non-controlling interests	204,883	269,849	740,647	538,689
	353,451	473,085	1,459,272	802,457
Total comprehensive income attributable to:				
- Equity holders	189,046	309,845	736,366	412,293
- Non-controlling interests	234,871	350,847	752,223	654,062
	423,917	660,692	1,488,589	1,066,355
Earnings per share Rs	0.47	0.64	2.26	0.83
Dividend per share Rs	0.32	0.32	0.32	0.32

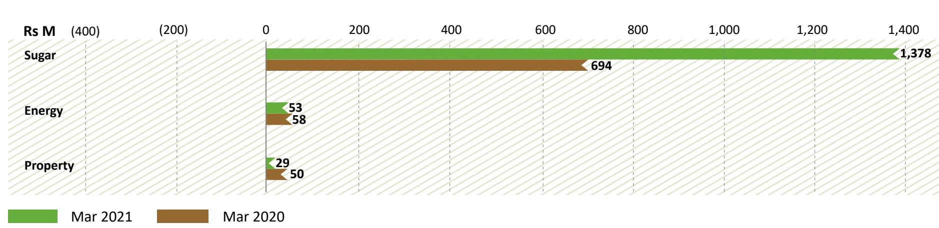
GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Mar 21 Rs 000	Unaudited 3 Months to 31 Mar 20 Rs 000	Unaudited 9 Months to 31 Mar 21 Rs 000	Unaudited 9 Months to 31 Mar 20 Rs 000
Revenue by Cluster				
Sugar	2,027,666	2,003,394	6,543,702	5,875,219
Energy	172,650	141,477	481,942	441,042
Property	101,338	310,057	590,549	732,467
Consolidation adjustments	(15,261)	(49,291)	(97,653)	(161,133)
Total revenue	2,286,393	2,405,637	7,518,540	6,887,595
Revenue by Country				
Mauritius	370,642	638,051	2,486,224	2,681,176
Tanzania	1,282,206	1,248,346	3,209,675	2,929,527
Kenya	648,806	568,531	1,920,294	1,438,025
Consolidation adjustments	(15,261)	(49,291)	(97,653)	(161,133)
Total revenue	2,286,393	2,405,637	7,518,540	6,887,595
Profit/(Loss) allocated by Cluster				
Sugar	388,183	385,659	1,377,702	694,111
Energy	(19,483)	20,964	52,823	58,410
Property	(15,249)	66,462	28,747	49,936
Profit for the period	353,451	473,085	1,459,272	802,457
Profit/(Loss) allocated by Country				
Mauritius	(52,016)	44,667	216,996	157
Tanzania	446,898	502,148	1,324,986	1,064,600
Kenya	(41,431)	(73,730)	(82,710)	(262,300)
Profit for the period	353,451	473,085	1,459,272	802,457

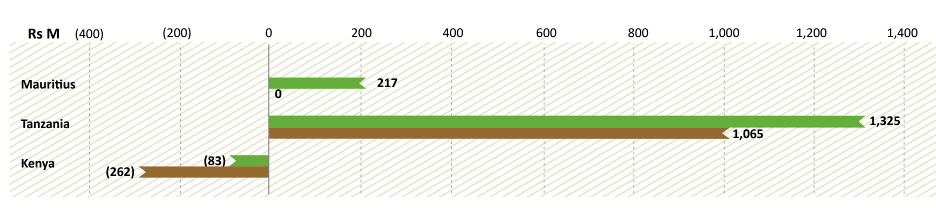
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 Mar 21 Rs 000	Audited 30 Jun 20 Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant and equipment		17,891,057	17,958,606
Investment properties		2,855,563	2,855,563
Intangible assets		1,916,901	1,906,281
Investment in joint ventures & associates		(6,656)	42,484
Financial assets at fair value through OCI		9,127	9,127
Deferred tax assets and other non current receivables		288,741	280,489
		23,025,874	23,052,550
Current assets		7,154,645	6,923,523
TOTAL ASSETS		30,180,519	29,976,073
EQUITY AND LIABILITIES			
Shareholders' interests		16,465,520	15,831,072
Non-controlling interests		1,922,709	1,411,637
Non-current liabilities		7,252,131	7,658,939
Current liabilities		4,540,159	5,074,425
TOTAL EQUITY AND LIABILITIES		30,180,519	29,976,073
Net asset value per share	Rs	51.70	49.71
Number of shares in issue	No	318,492,120	318,492,120

PROFIT FOR THE PERIOD ALLOCATED BY CLUSTER



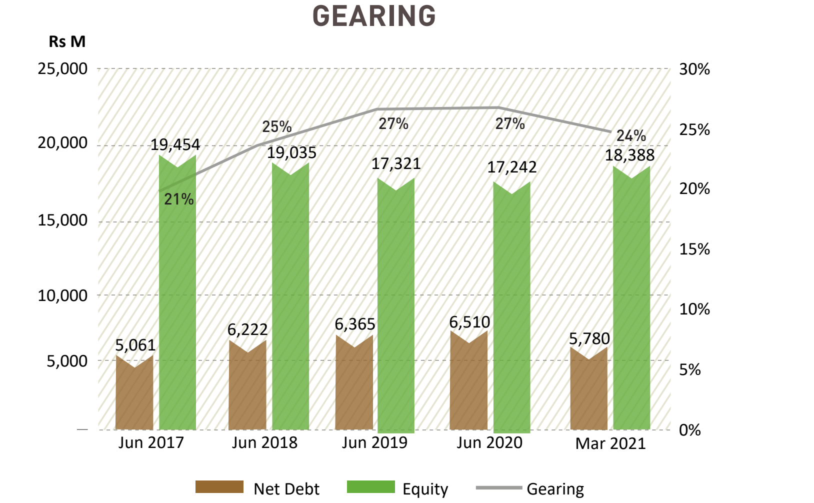
PROFIT/(LOSS) FOR THE PERIOD ALLOCATED BY COUNTRY



GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Mar 21 Rs 000	Unaudited 31 Mar 20 Rs 000
Net cash flow from operating activities	1,744,235	1,747,020
Net cash flow (used in) from investing activities	(574,920)	95,640
Net cash flow (used in) financing activities	(724,644)	(554,534)
Net Increase in cash and cash equivalents	444,671	1,288,126
Cash and cash equivalents at July 1,	(714,557)	(940,897)
Cash and cash equivalents at March 31	(269,886)	347,229

GEARING



GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders Rs 000	Non-controlling interests Rs 000	Total equity Rs 000
At 1 July 2020	15,831,072	1,411,637	17,242,709
Total comprehensive income for the period	736,366	752,223	1,488,589
Dividend	(101,917)	(241,151)	(343,068)
At 31 March 2021	16,465,521	1,922,709	18,388,230
At 1 July 2019	15,777,589	1,542,546	17,320,135
Total comprehensive income for the period	412,293	654,062	1,066,355
Dividend	(101,917)	(176,037)	(277,954)
Share buy back in subsidiary	-	(31,713)	(31,713)
At 31 March 2020	16,087,965	1,988,858	18,076,823

COMMENTS

GROUP REVIEW FOR THE NINE MONTH PERIOD

BETTER PERFORMANCE OF THE SUGAR CLUSTER

Group revenue and normalised EBITDA grew by 9% and 52% respectively explained by the better performance of the sugar operations. In line with the trend in revenue and normalised EBITDA, profit after tax and earnings per share improved significantly.

Finance costs dropped in a declining interest rate environment and with a lower overdraft utilisation throughout the group.

Other comprehensive income decreased mainly due to a lower depreciation of the Mauritian Rupee versus the Tanzanian Shilling during the period.

SUGAR

IMPROVED PERFORMANCE FOR ALL OPERATIONS

The Sugar cluster posted a marked improvement across all operations.

In Mauritius, the better performance was largely explained by the strengthening sugar prices, partly due to a depreciation of the Mauritian Rupee versus the Euro and the US dollar, higher special sugar orders, ongoing cost reductions through restructuring and a significant favourable movement in the fair value of biological assets. These positive factors offset the adverse effects of a significantly lower sugar accruing, as poorer sugar cane yields were only partly mitigated by a higher sugar recovery, and the closure of the sugar refining operations in August 2020.

The Tanzanian operations realised significantly higher profits for the period explained by the better average price achieved on the domestic market and a favourable biological asset fair value movement against the comparative period. Sales volumes were stable while production improved on the back of much better yields and sugar recovery, resulting in higher stocks at the end of the period under review.

The marked improvement in Kenya was mainly driven by the higher production and sales volumes as sugar cane availability stabilised and sugar recovery as well as factory reliability improved. The Kenyan operations also benefitted from higher domestic prices during the period.

ENERGY

ONE OFF GAIN FROM SALE OF EQUIPMENT LAST YEAR

The Energy cluster results dropped slightly as the comparative figure includes a one-off gain from sale of equipment. On a normalised basis, results improved by better efficiencies despite a lower power generation and export to the grid.

PROPERTY

ADVERSE PERFORMANCE OF ANAHITA GOLF & SPA RESORT AND ANAHITA GOLF CLUB WEIGHTED ON CLUSTER RESULTS

The Property cluster results were adversely affected by losses incurred by Anahita Golf & Spa Resort ("the Resort") and Anahita Golf Club ("the Golf") which attracted a negligible level of activity during the period. Being a joint venture investment, the Resort's performance was reflected within the negative share of results of joint ventures and associates. On the property development front, the finalisation of sales deeds for 7 serviced plots at Anahita, against 4 in the comparative period, resulted in higher EBITDA generation for that operation. This performance did not, however, compensate for the losses posted by the Resort and Golf.

OUTLOOK

LASTING EFFECTS OF THE COVID-19 PANDEMIC ON THE PROPERTY CLUSTER WHILE THE SUGAR CLUSTER IS EXPECTED TO REMAIN ON A RECOVERY TREND

The Covid-19 pandemic and resulting disruptions around the world will continue to have lasting effects on the Group's Property cluster and more specifically the Resort and the Golf. As regards property development, reservations secured prior to the crisis should continue to help revenue and EBITDA generation in the next quarter.

The exposure of the Mauritian sugar operations to the effects of the pandemic and the impact of the second lockdown have been limited to date. The weaker Rupee is still expected to provide some level of support to the industry. As previously reported and despite being on a recovery trend, the Mauritian sugar operations remain under stress at still uneconomic price levels. At industry level, Government is yet to come forth with sustainable reforms, including a comprehensive biomass framework setting out a remuneration mechanism for bagasse. Little revenue generation is expected in the last quarter as the operations are currently in off-crop with the new season scheduled to start by mid-June.

A stable sugar cane availability, an improved sugar recovery and factory reliability are expected to continue to be beneficial to the Kenyan sugar operations which should post much improved full year results.

In Tanzania, most of the results associated with the 2020/2021 crop season have been recognised to date as most of the sugar produced has already been sold. Low revenue generation is expected until the start of the next season by mid-June. Full year results should however show a marked improvement on last year.

The energy cluster is expected to continue to benefit from better efficiencies for the remaining part of the year.

By Order of the Board
Intercontinental Secretarial Services Ltd
Company Secretary

May 13, 2021

Notes: The condensed financial statements for the 9 months ended March 31, 2021 are unaudited and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2020. Copies of the above condensed unaudited financial statements and statements 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, St 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.