

“The improved performance of the sugar cluster and successful execution of the property development pipeline continue to drive Alteo’s group results higher into the third quarter”

ALTEO LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED MARCH 31, 2022

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 Months to 31 Mar 22 Rs 000	Unaudited 3 Months to 31 Mar 21 Rs 000	Unaudited 9 Months to 31 Mar 22 Rs 000	Unaudited 9 Months to 31 Mar 21 Rs 000
REVENUE	3,034,027	2,286,393	9,126,799	7,518,540
Normalised earnings before interests, taxation, depreciation and amortisation	1,093,071	916,660	3,699,491	3,144,445
Other income and expenses	54,017	(8,070)	79,332	10,812
Earnings before interests, taxation, depreciation and amortisation	1,147,088	908,590	3,778,823	3,155,257
Depreciation, amortisation and release of deferred income	(200,973)	(204,751)	(611,624)	(561,167)
Earnings before interests and taxation	946,115	703,839	3,167,199	2,594,090
Finance costs	(111,942)	(130,310)	(361,874)	(352,811)
Share of results of joint ventures & associates	(2,455)	(6,723)	8,451	(43,076)
Profit before taxation	831,718	566,806	2,813,776	2,198,203
Taxation	(287,890)	(213,355)	(924,292)	(738,931)
Profit for the period	543,828	353,451	1,889,484	1,459,272
Other comprehensive income for the period	39,421	70,466	84,579	29,317
Total comprehensive income for the period	583,249	423,917	1,974,063	1,488,589
Profit attributable to:				
- Equity holders	256,714	148,568	985,007	718,625
- Non-controlling interests	287,114	204,883	904,477	740,647
	543,828	353,451	1,889,484	1,459,272
Total comprehensive income attributable to:				
- Equity holders	280,858	189,046	1,043,563	736,366
- Non-controlling interests	302,391	234,871	930,500	752,223
	583,249	423,917	1,974,063	1,488,589
Earnings per share	Rs 0.81	0.47	3.09	2.26
Dividend per share	Rs 0.00	0.00	0.35	0.32

GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Mar 22 Rs 000	Unaudited 3 Months to 31 Mar 21 Rs 000	Unaudited 9 Months to 31 Mar 22 Rs 000	Unaudited 9 Months to 31 Mar 21 Rs 000
Revenue by Cluster				
Sugar	2,398,548	2,027,666	7,888,800	6,543,702
Energy	282,701	172,650	619,116	481,942
Property	352,145	101,338	690,318	590,549
Consolidation adjustments	633	(15,261)	(71,435)	(97,653)
Total revenue	3,034,027	2,286,393	9,126,799	7,518,540
Revenue by Country				
Mauritius	681,453	370,642	2,927,872	2,486,224
Tanzania	1,510,980	1,282,206	3,536,977	3,209,675
Kenya	840,961	648,806	2,733,385	1,920,294
Consolidation adjustments	633	(15,261)	(71,435)	(97,653)
Total revenue	3,034,027	2,286,393	9,126,799	7,518,540
Profit/(Loss) allocated by Cluster				
Sugar	387,805	388,183	1,597,254	1,347,630
Energy	(20,395)	(19,483)	25,164	52,823
Property	176,418	(15,249)	267,066	58,819
Profit for the period	543,828	353,451	1,889,484	1,459,272
Profit/(Loss) allocated by Country				
Mauritius	(50,299)	(52,016)	411,339	216,996
Tanzania	555,862	446,898	1,395,274	1,324,986
Kenya	38,265	(41,431)	82,871	(82,710)
Profit for the period	543,828	353,451	1,889,484	1,459,272

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Mar 22 Rs'000	Audited 30 Jun 21 Rs'000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment	18,954,205	18,708,688
Investment properties	2,808,175	2,808,175
Intangible assets	2,000,682	1,966,461
Investment in joint ventures & associates	40,028	38,123
Financial assets at fair value through OCI	4,318	4,318
Deferred tax assets and other non current receivables	270,878	276,080
	24,078,286	23,801,845
Current assets	8,388,332	7,367,844
TOTAL ASSETS	32,466,618	31,169,689
EQUITY AND LIABILITIES		
Shareholders' interests	17,705,545	17,009,402
Non-controlling interests	2,250,447	1,651,147
Non-current liabilities	7,327,257	7,227,964
Current liabilities	5,183,369	5,281,176
TOTAL EQUITY AND LIABILITIES	32,466,618	31,169,689
Net asset value per share	Rs 55.59	53.41
Number of shares in issue	No 318,492,120	318,492,120

GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Mar 22 Rs 000	Unaudited 31 Mar 21 Rs 000
Net cash flow from operating activities	2,359,942	1,744,235
Net cash flow (used in) investing activities	(1,196,014)	(574,920)
Net cash flow (used in) financing activities	(435,830)	(724,644)
Net Increase in cash and cash equivalents	728,098	444,671
Cash and cash equivalents at July 1,	(429,675)	(714,557)
Cash and cash equivalents at March 31	298,423	(269,886)

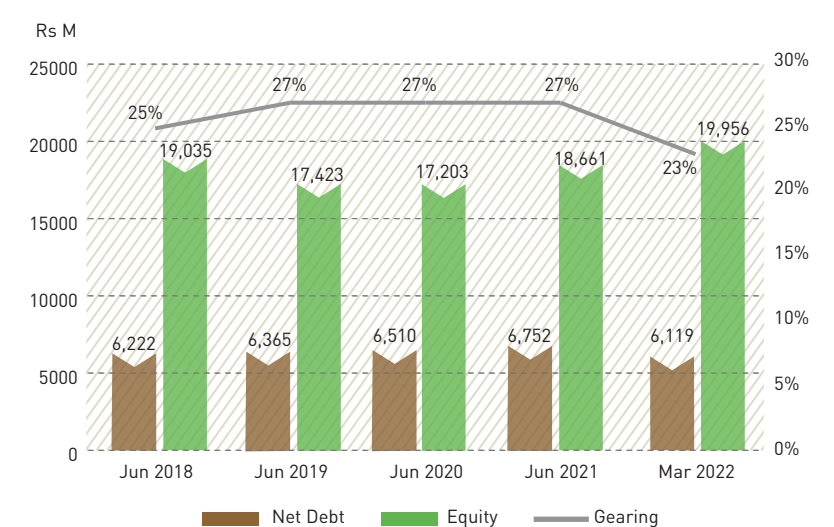
GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders Rs'000	Non-controlling interests Rs'000	Total equity Rs'000
At 1 July 2021	17,009,402	1,651,147	18,660,549
Total comprehensive income for the period	1,043,563	930,500	1,974,063
Dividend	(111,472)	(221,062)	(332,534)
Change in ownership without loss in control	(235,948)	(110,138)	(346,086)
At 31 March 2022	17,705,545	2,250,447	19,955,992
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

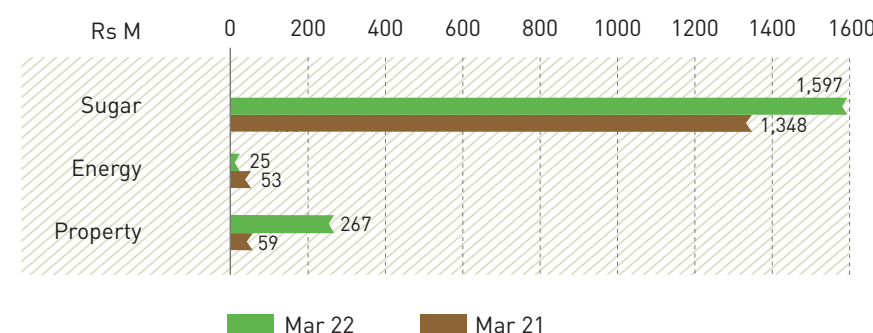
GROUP HIGHLIGHTS FOR THE NINE-MONTH PERIOD



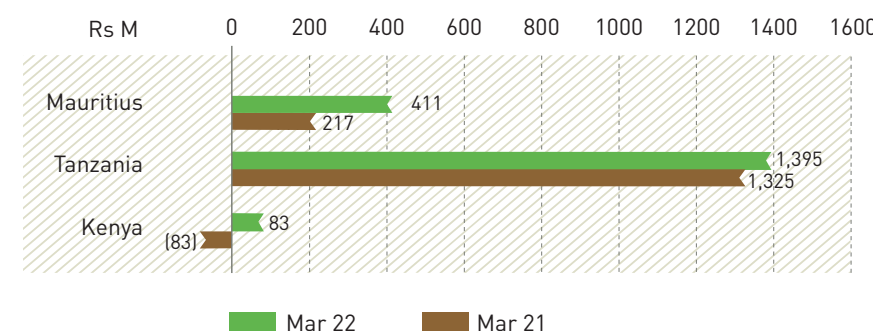
GEARING



PROFIT FOR THE PERIOD ALLOCATED BY CLUSTER



PROFIT/(LOSS) FOR THE PERIOD ALLOCATED BY COUNTRY



COMMENTS

GROUP REVIEW

The performance of the sugar and property clusters continue to improve Alteo’s results

The Group’s performance further improved into the third quarter with results from the sugar cluster contributing largely to growing revenue and normalised EBITDA to Rs 9.1bn (up 21%) and Rs 3.7bn (up 18%) respectively.

Higher net other income of Rs 79m consisted of inflows from bulk land sales serving to temper the increase in depreciation, amortisation and financing due mostly to the adverse FX impact of the retranslation of Kenyan and Tanzanian results from their local currencies to Mauritian rupees. This yielded a net bottom line of Rs 1.9bn (up 29%) across all activities, which helped to drive a 37% increase in earnings per share to Rs 3.09.

SUGAR

Mauritian, Tanzanian and Kenyan operational results ahead of last year

Headline revenue and EBITDA grew across all 3 segments. Mauritian operations saw lower sugar accruing as well as a reduced extraction rate on account of unfavourable climatic conditions impacting cane tonnage. However, the local sector benefitted from tailwinds in the price of sugar increasing from Rs 13,000 to Rs 15,000 per tonne, as well as the bagasse remuneration of Rs 3,300 per tonne of sugar and a higher mix of special sugars (up 15 kT to 75 kT).

Whilst Tanzanian operations saw sales volume on par with last year, their performance was boosted by a higher price of sugar on the domestic market, generating higher revenue (Rs 3.5bn, up Rs 327m) and profitability (Rs 1.4bn, up Rs 70m). These results benefitted from the depreciation of the rupee versus the Tanzanian shilling, albeit dampened by a one-off tax provision due to a reassessment.

Kenyan operations reversed an Rs 83m loss last year to reach Rs 83m of profitability, off the back of additional revenue of Rs 813m to Rs 2.7bn. Improvements in factory operations, volume of cane crushed as well as a higher extraction rate were key contributory elements to this performance.

ENERGY

Lower bagasse and cane trash contribution and reduced coal efficiency drag profitability downwards

The energy cluster exported lower total energy (down 8GWh) to the grid over the corresponding period last year. A 15% reduction in energy produced from bagasse and cane trash coupled with a higher proportion of energy derived from coal with reduced efficiency pushed profitability down to Rs 25m from Rs 53m in the prior corresponding period.

PROPERTY

Serviced land sales and inflows from tourism drove improved performances in resort and golf activities

The property cluster saw revenue rise to Rs 690m, up Rs 100m from the prior year. This was driven by serviced land sales, villa building progression and a resumption of tourist activity leading to improved

golf and resort operations which have seen golf rounds, green fees and resort occupancy rise considerably.

The property development operations within ‘Anahita Estates Ltd’ saw a similar number of serviced plots sold compared to the prior year, albeit with higher real estate revenue margins. ‘Anahita Residences and Villas Ltd’, operating the ‘Anahita Golf and Spa Resort’, also experienced higher levels of occupancy which provided additional support to its operating costs and overheads.

As a result, the cluster saw an uptick in profitability to Rs 267m from Rs 59m last year, driven by the flow-through impact of enhanced revenue from operations and Rs 120m of gains on disposal of bulk land sales.

Note: The property activities undertaken by Alteo Agri Ltd (‘Alteo Agri’) and historically reported under the group’s sugar segment have recently been restructured into a property division within Alteo Agri. The results of the new property division are now shown within the group’s property segment and the comparative segmental information have been reinstated accordingly.

OUTLOOK

The Group shows an improved and resilient performance despite the continued economic uncertainty with ongoing impacts from the pandemic as well as wider macroeconomic and global geopolitical issues

Demand for inbound travel continues to grow, generating inflows from tourism to our golf and resort operations. Nonetheless, near-term outlook for the sector remains uncertain, in view of inflationary pressures and their impact on discretionary leisure spending by future travellers.

Our pipeline for high-end property development remains buoyant with reservations secured to date expected to continue to bring revenue into the final quarter and indeed over the short to medium term. The Group has also completed its Mont Piton 2 and Balnea 2 land parcelling developments with signature of deeds of sales expected to begin over the final quarter and contributing further to revenue growth.

Whilst we have seen challenges in logistics, with freight costs reaching new highs, we expect to see favourable world and EU sugar prices perure and therefore benefit the local sugar industry. Our African operations are set to deliver continued improved performances whilst serving their local markets.

The energy sector saw record levels of coal prices in the third quarter, reinforcing the need to pursue green and renewable energy prospects in order to meet the government target for 60% of renewables by 2030. As regards the Power Purchase Agreement of ‘Alteo Energy Ltd’, we continue to negotiate with the Central Electricity Board on its renewal.

GROUP RESTRUCTURING

On 29th October 2021, the Board of Alteo Ltd 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, whilst increasing the market visibility and value contribution of Alteo’s property development activities. The project is progressing at pace and the market will be kept informed of any developments in due course.

By Order of the Board
May 12, 2022

Intercontinental Secretarial Services Ltd
Company Secretary

Notes: The condensed financial statements for the 9 months ended March 31, 2022 are unaudited and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2021.

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 Vivva Business Park, St Pierre

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