ALTEO LIMITED AND ITS SUBSIDIARIES FOR THE PERIOD ENDED DECEMBER 31 2022

"Alteo's continuing operations post strong growth in revenue and maintain higher profitability into the second quarter"

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 months to 31 Dec 22	Restated Unaudited 3 months to 31 Dec 21	Unaudited 6 months to 31 Dec 22	Restated Unaudited 6 months to 31 Dec 21
	Rs 000	Rs 000	Rs 000	Rs 000
Continuing operations				
REVENUE	**1,214,953**	1,167,464	**2,880,251**	2,174,351
Normalised earnings before interest, taxation, depreciation and amortisation	**126,839**	293,797	**672,528**	699,380
Other income and expenses	**28,450**	(1,967)	**44,439**	25,315
Earnings before interest, taxation, depreciation and amortisation	**155,289**	291,830	**716,967**	724,695
Depreciation, amortisation and release of deferred income	**(88,623)**	(85,178)	**(176,413)**	(167,726)
Earnings before interest and taxation	**66,666**	206,652	**540,554**	556,969
Finance costs	**(22,045)**	(32,767)	**(58,034)**	(73,700)
Share of results of joint ventures & associates	**13,992**	15,899	**22,820**	10,906
Profit before taxation	**58,613**	189,784	**505,340**	494,175
Taxation	**(14,785)**	(21,142)	**(30,654)**	(32,537)
Profit for the period from continuing operations	**43,828**	168,642	**474,686**	461,638
Profit from discontinued operations	**-**	492,490	**544,501**	884,018
Profit for the period	**43,828**	661,132	**1,019,187**	1,345,656
Other comprehensive income/(loss) for the period	**13,093**	46,393	**(4,856)**	45,158
Total comprehensive income for the period	**56,921**	707,525	**1,014,331**	1,390,814
Profit attributable to:				
- Equity holders	**26,583**	320,562	**638,913**	728,293
- Non-controlling interests	**17,245**	340,570	**380,274**	617,363
	43,828	661,132	**1,019,187**	1,345,656
Total comprehensive income attributable to:				
- Equity holders	**39,676**	351,475	**644,805**	762,705
- Non-controlling interests	**17,245**	356,050	**369,526**	628,109
	56,921	707,525	**1,014,331**	1,390,814
Earnings per share Rs	**0.08**	1.01	**2.01**	2.29
Dividend per share Rs	**0.30**	0.35	**0.30**	0.35

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	**644,805**	369,526	**1,014,331**
Change in ownership without loss in control	**28,252**	(28,252)	**-**
Distribution to equity holders	**(1,175,841)**	(1,562,577)	**(2,738,418)**
Reduction in share capital of subsidiary	**-**	(8,884)	**(8,884)**
Dividend	**(45,331)**	(14,690)	**(60,021)**
At 31 December 2022	**17,017,689**	502,199	**17,519,888**
At 1 July 2021	**17,009,402**	1,651,147	**18,660,549**
Total comprehensive income for the period	**762,705**	628,109	**1,390,814**
Change in ownership without loss in control	**(90,581)**	(40,058)	**(130,639)**
Dividend	**(111,472)**	(211,518)	**(322,990)**
At 31 December 2021	**17,570,054**	2,027,680	**19,597,734**

GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Unaudited 31 Dec 22	Audited 30 Jun 22
		Rs 000	Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant and equipment and right-of-use assets		**14,776,362**	14,778,267
Investment properties		**2,903,707**	2,883,047
Intangible assets		**968,147**	968,147
Investment in joint ventures & associates		**75,492**	68,601
Financial assets at fair value through OCI		**4,364**	4,364
Deferred tax assets and other non current receivables		**979,111**	39,998
		19,707,183	18,742,424
Current assets		**2,868,073**	3,171,596
Assets classified as held for distribution		**-**	10,112,648
TOTAL ASSETS		**22,575,256**	32,026,668
EQUITY AND LIABILITIES			
Shareholders' interests		**17,017,689**	17,565,804
Non-controlling interests		**502,199**	1,747,076
Non-current liabilities		**3,347,623**	3,583,177
Current liabilities		**1,707,745**	2,385,396
Liabilities directly associated with assets classified as held for distribution		**-**	6,950,215
TOTAL EQUITY AND LIABILITIES		**22,575,256**	32,026,668
Net interest-bearing debt		**1,223,875**	6,474,113
Net asset value per share	Rs	**53.43**	55.15
Number of shares in issue	No	**318,492,120**	318,492,120

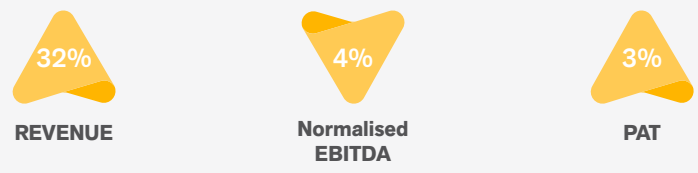
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 22	Unaudited 31 Dec 21
	Rs 000	Rs 000
Net cash flow from operating activities	**1,077,604**	1,174,769
Net cash flow from/(used in) investing activities	**402,077**	(631,343)
Net cash flow used in financing activities	**(865,600)**	(342,574)
Net increase in cash and cash equivalents	**614,081**	200,852
Cash and cash equivalents at July 1,	**(530,296)**	(429,675)
Cash and cash equivalents at December 31	**83,785**	(228,823)

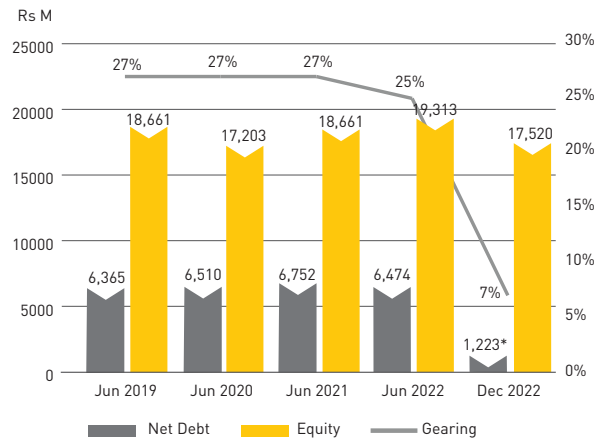
GROUP SEGMENTAL INFORMATION

	Revenue				Profit/(loss)			
	Unaudited 3 months to 31 Dec 22	Unaudited 3 months to 31 Dec 21	Unaudited 6 months to 31 Dec 22	Unaudited 6 months to 31 Dec 21	Unaudited 3 months to 31 Dec 22	Unaudited 3 months to 31 Dec 21	Unaudited 6 months to 31 Dec 22	Unaudited 6 months to 31 Dec 21
	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
Cluster analysis								
Agro-business	**653,024**	782,148	**1,713,607**	1,571,831	**(55,709)**	62,683	**253,599**	325,431
Energy	**359,737**	182,437	**585,146**	336,415	**(3,706)**	17,329	**26,101**	45,559
Property	**246,019**	246,159	**679,244**	338,173	**103,243**	88,630	**194,986**	90,649
Consolidation adjustments	**(43,827)**	(41,280)	**(97,746)**	(72,068)	**-**	-	**-**	
	1,214,953	1,169,464	**2,880,251**	2,174,351	**43,828**	168,642	**474,686**	461,639
Sugar (East Africa) (discontinued operations)					**-**	492,490	**544,501**	884,017
					43,828	661,132	**1,019,187**	1,345,656
Country analysis								
Mauritius	**1,214,953**	1,169,464	**2,880,251**	2,174,351	**43,828**	168,642	**474,686**	461,639
Tanzania (discontinued operations)					**-**	446,611	**445,695**	839,412
Kenya (discontinued operations)					**-**	45,879	**98,806**	44,605
					43,828	661,132	**1,019,187**	1,345,656

GROUP HIGHLIGHTS FOR THE SEMESTER

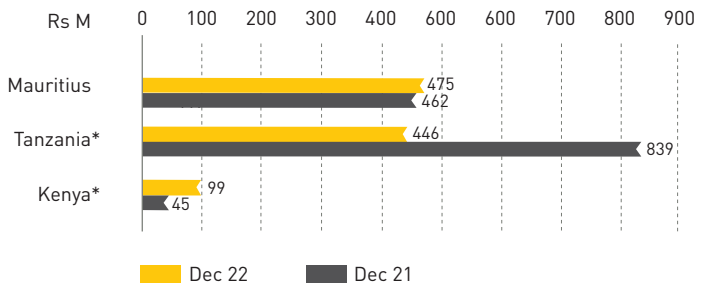


GEARING

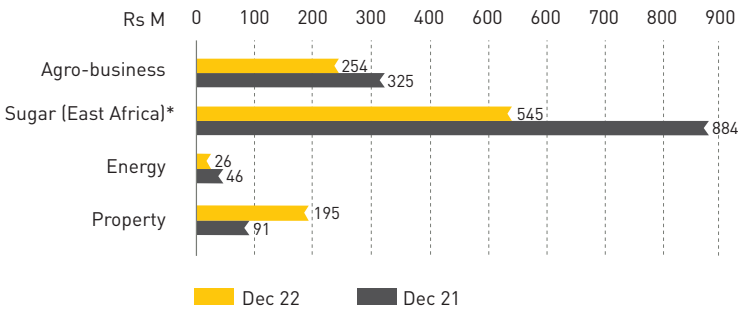


*The reduction in net debt from June to December is mainly due to the transfer of Rs 4.6 bn debt of the East African operations to MIWA Sugar Limited.

PROFIT/(LOSS) FOR THE SEMESTER ALLOCATED BY COUNTRY



PROFIT FOR THE SEMESTER ALLOCATED BY CLUSTER



*FY22/23 numbers include results for period 1 Jul 22 to 30 Sep 22 as the East African assets were transferred to MIWA Sugar Limited from 1 Oct 22

FINANCIAL PERFORMANCE REVIEW

GROUP SUMMARY

Note: Alteo completed its restructuring into two distinct listed groups in the second quarter and all East African operations (up until Q1 of FY22/23) are recorded as discontinued operations (see note below).

Alteo's continuing operations saw encouraging revenue growth of Rs 706m to reach Rs 2.9bn for the half year ending December 2022. This was driven by a higher price of sugar, albeit curtailed by a reduced tonnage of cane harvested and crushed. Income from the property cluster also saw significant growth for the period with recovering resort and golf operations as well as part of the Mont Piton 2 residential programme sales being recorded in the current financial year. Revenue from energy operations was also up due to the higher price of coal.

Normalised EBITDA fell by Rs 27m to Rs 672m on account of ongoing inflationary pressures on operational costs, especially inputs and freight. Corresponding profit however grew by Rs 13m to Rs 475m, driven largely by the flow-through impact of higher property sales and reduced finance costs following a material debt repayment and restructuring. This improved performance also had to contend with significant drag from lower profitability in agro-business and energy activities on account of higher production costs.

The net bottom line of Rs 1bn includes discontinued operations which stopped at Q1 for the current financial year. Comparatives for last year include results from two quarters.

The movement in shareholder and non-controlling interests on the statement of financial position reflects the restructuring of the East African operations. This also resulted in the removal of assets and liabilities held for distribution and the recognition of Rs 950m of receivables in relation to a debt transfer.

AGRO-BUSINESS

Sugar prices maintain revenue growth despite lower production, with inflationary pressures denting profitability

The cluster benefitted from higher sugar prices (Rs 6k per tonne higher) which boosted revenue by 9% to Rs 1.7bn across its agricultural and milling operations, despite a significant fall in production. Ongoing inflationary pressures, as well as the reduced cane tonnage, meant that profitability was significantly dented with the cluster recording a swing in profitability of Rs 118m in Q2 and ending the semester Rs 72m lower than last year at Rs 254m.

ENERGY

Reduced bagasse availability and a switch to coal reduce profitability for the cluster

Energy production remains steady with 91 GWh exported to the grid, roughly on par with last year. In line with the poorer cane harvest, reduced availability of bagasse meant a switch to coal for production. Due to the plant's lower efficiency on coal, this higher use of coal saw profitability decrease by 43% to Rs 26m.

PROPERTY

Delivery of residential sales and recovering operations boost revenue and profitability

As disclosed in Q1, the Property cluster benefitted from the tail end of the Mont Piton 2 residential deliveries and recovering tourism (in its resort and golf operations) to post a material growth in revenue of Rs 341m to Rs 679m. Profitability also rose by Rs 104m to Rs 195m including the flow-through impact of enhanced revenue from operations and gains on disposal of bulk land sales.

OUTLOOK

The Group's property operations continue to show significant promise, but Agro-business and Energy operations are expected to see cost challenges endure into the second semester

The Group's property operations remain focused on converting the healthy demand of high-end residential properties at Anahita. The Group will also pivot its expertise into the active marketing of the Anahita Beau Champ smart city project, due to begin in the second half of the financial year. Several key projects have been identified to contribute to the continued sustainable development of the East and these will be announced in due course.

With the reduced tonnage of cane harvested this year, profitability in the agro-business and energy clusters will continue to be impacted by cost pressures, however, management remains committed to optimise its operations in order to cushion these effects.

RESTRUCTURING UPDATE

Alteo completed its restructuring in Q2 with all East African operations now included under a separate listed entity (Miwa Sugar Limited). Shareholders should refer to the relevant communiques issued to the market by both groups for further detail.

By Order of the Board

13 February 2023

Notes: The condensed financial statements for the 6 months ended December 31, 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.