



sugar · energy · property | Vision in Motion

**ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED
DECEMBER 31, 2019**

“Alteo Group reports an improved normalised EBITDA driven by the better performance of the sugar operations in Tanzania”

GROUP HIGHLIGHTS FOR THE SEMESTER



GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 Months to 31 Dec 19	Unaudited 3 Months to 31 Dec 18	Unaudited 6 months to 31 Dec 19	Unaudited 6 months to 31 Dec 18
	Rs 000	Rs 000	Rs 000	Rs 000
REVENUE	2,373,422	2,486,125	4,481,958	5,105,041
Normalised earnings before interests, taxation, depreciation & amortisation	674,250	415,105	1,134,486	1,104,737
Other income and expenses	17,790	71,918	52,450	73,579
Earnings before interests, taxation, depreciation & amortisation	692,040	487,023	1,186,936	1,178,316
Depreciation, amortisation and release of deferred income	(178,053)	(167,568)	(349,187)	(335,371)
Earnings before interests & taxation	513,987	319,455	837,749	842,945
Finance costs	(122,108)	(143,533)	(268,804)	(259,612)
Share of results of joint ventures & associates	8,641	8,686	7,047	3,004
Profit before taxation	399,280	184,608	575,992	586,337
Taxation	(138,674)	(138,961)	(246,620)	(291,252)
Profit/ (Loss) for the period	261,146	45,647	329,372	295,085
Other comprehensive income for the period	(13,816)	(32,041)	76,791	(61,873)
Total comprehensive income for the period	247,330	13,606	406,163	233,212
Profit/ (Loss) attributable to:				
Owners of the parent	115,241	(79,298)	60,532	(31,579)
Non Controlling interests	145,905	124,945	268,840	326,664
	261,146	45,647	329,372	295,085
Total comprehensive income attributable to:				
Owners of the parent	110,758	(96,861)	102,448	(62,392)
Non Controlling interests	136,752	110,467	303,715	295,604
	247,330	13,606	406,163	233,212
Earnings per share	Rs 0.36	(0.25)	0.19	(0.10)
Dividend per share	Rs 0.32	0.32	0.32	0.32

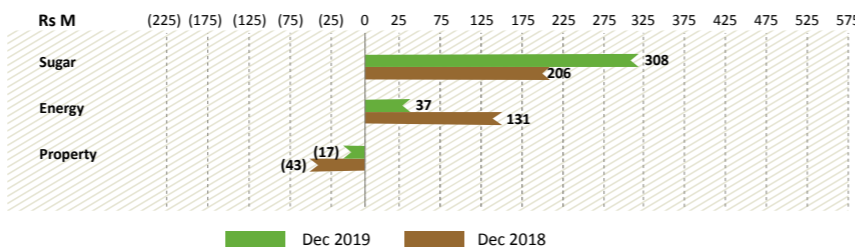
GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Dec 19	Unaudited 3 Months to 31 Dec 18	Unaudited 6 months to 31 Dec 19	Unaudited 6 months to 31 Dec 18
	Rs 000	Rs 000	Rs 000	Rs 000
Revenue by Cluster				
Sugar	2,049,670	1,906,413	3,871,826	4,071,135
Energy	147,120	400,636	299,565	730,035
Property	235,444	212,775	422,410	381,315
Consolidation adjustments	(58,812)	(33,699)	(111,843)	(77,444)
Total turnover	2,373,422	2,486,125	4,481,958	5,105,041
Revenue by Country				
Mauritius	1,067,990	1,210,423	2,043,126	2,402,318
Tanzania	923,201	809,134	1,681,181	1,665,153
Kenya	441,043	500,267	869,494	1,115,014
Consolidation adjustments	(58,812)	(33,699)	(111,843)	(77,444)
Total turnover	2,373,422	2,486,125	4,481,958	5,105,041
Profit/(loss) allocated by cluster				
Sugar	254,791	(8,741)	308,452	206,454
Energy	6,739	72,899	37,445	131,341
Property	(384)	(18,511)	(16,525)	(42,710)
Profit for the period	261,146	45,647	329,372	295,085
*Profit/(loss) allocated by country				
Mauritius	69,776	(118,177)	(44,508)	(139,811)
Tanzania	267,696	222,235	562,452	468,532
Kenya	(76,326)	(58,411)	(188,572)	(33,636)
Profit for the period	261,146	45,647	329,372	295,085

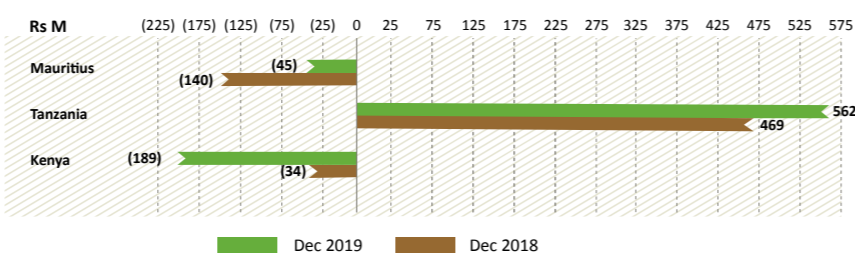
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 19	Audited 30 Jun 19
	Rs'000	Rs'000
ASSETS		
Non-current assets		
Property, plant and equipment	18,790,954	18,810,609
Investment properties	1,646,386	1,646,386
Intangible assets	1,820,943	1,802,892
Investment in joint ventures & associates	98,369	92,996
Financial assets at fair value through OCI/ available for sale financial assets	9,312	9,312
Deferred tax assets and other non current receivables	423,769	292,829
	22,789,733	22,655,024
	6,229,710	5,879,010
TOTAL ASSETS	29,019,443	28,534,034
EQUITY AND LIABILITIES		
Shareholders' interests	15,778,156	15,778,268
Non controlling interests	1,644,548	1,542,646
Non current liabilities	7,490,905	7,002,897
Current liabilities	4,105,834	4,210,223
TOTAL EQUITY AND LIABILITIES	29,019,443	28,534,034
Net asset value per share	Rs 49.54	49.54
Number of shares in issue	No 318,492,120	318,492,120

PROFIT / (LOSS) FOR THE PERIOD ALLOCATED BY CLUSTER



PROFIT / (LOSS) FOR THE PERIOD ALLOCATED BY COUNTRY



GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 19	Unaudited 31 Dec 18
	Rs 000	Rs 000
Net cash flow from operating activities	653,030	567,266
Net cash flow from/(used in) investing activities	988	(119,361)
Net cash flow (used in) financing activities	(323,811)	(17,352)
Net increase / (decrease) in cash and cash equivalents	330,207	430,553
Cash and cash equivalents at July 1,	(940,897)	(1,287,990)
Cash and cash equivalents at December 31	(610,690)	(857,437)

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 2019	15,778,268	1,542,646	17,320,914
Impact of change in accounting policy	(643)	(40)	(683)
Adjusted balance at 1 July 2019	15,777,625	1,542,606	17,320,231
Total comprehensive income for the period	102,448	303,715	406,163
Dividend	(101,917)	(170,060)	(271,977)
Share buy back in subsidiary	-	(31,713)	(31,713)
At 31 December 2019	15,778,156	1,644,548	17,422,704
At 1 July 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the period	(62,392)	295,604	233,212
Movement in reserves	(834)	5	(829)
Dividend	(101,917)	(168,074)	(269,991)
At 31 December 2018	16,612,363	2,385,509	18,997,872

COMMENTS

GROUP REVIEW FOR THE SEMESTER
IMPROVED PERFORMANCE OF THE SUGAR CLUSTER

Group revenue for the semester dropped by 12% mainly explained by a lower revenue for the Energy cluster, following the closure of Consolidated Energy Co Ltd (CEL) in December 2018, and for the Kenyan sugar operations which suffered from a lower sales volume and price. However, normalised EBITDA improved by 3% as the factors mentioned above were offset by the better performance of the sugar operations in Tanzania to a large extent. Profit after tax posted a 12% increase arising mainly from a deferred tax credit in Kenya, thereby reducing the group tax charge.

Earnings per share recovered by 269% over the semester influenced by the better performance of the Mauritian sugar operations in which Alteo holds relatively high effective interests.

SUGAR
IMPROVED PERFORMANCE ATTRIBUTABLE TO THE TANZANIAN OPERATIONS

The Sugar cluster posted a marked improvement in profitability which was mainly attributable to the Tanzanian operations. In Mauritius, the operational losses were reduced by a higher ex Mauritius Sugar Syndicate price and better sugarcane yields. Further, following a Cabinet Decision in late December 2019, last year's financial support provided to small planters from the Sugar Insurance Fund was finally extended to corporate planters and millers resulting into a Rs120m support for Alteo.

The Tanzanian operations achieved higher profits for the semester explained by the better average price achieved on the domestic market and higher sales of locally produced sugar as opposed to imported sugar within the sales mix, the former generating better margins.

In Kenya, losses were driven by a significant decline in the average price for the semester. Further, production and sales volumes were adversely affected as the mill stopped for a 3 week planned maintenance programme in November 2019. The mill had not stopped in the comparative semester.

ENERGY
CLOSURE OF OPERATION AND A LOWER TARIFF DROVE DOWN PROFITABILITY

The Energy cluster did not receive any contribution from CEL as its Power Purchase Agreement (PPA) expired in December 2018 and its operations subsequently closed. Moreover, the results of Alteo Energy Ltd (AEnL) were adversely affected by a lower tariff following the re-negotiation of its PPA and by a higher depreciation charge following a review of the useful life of its equipment.

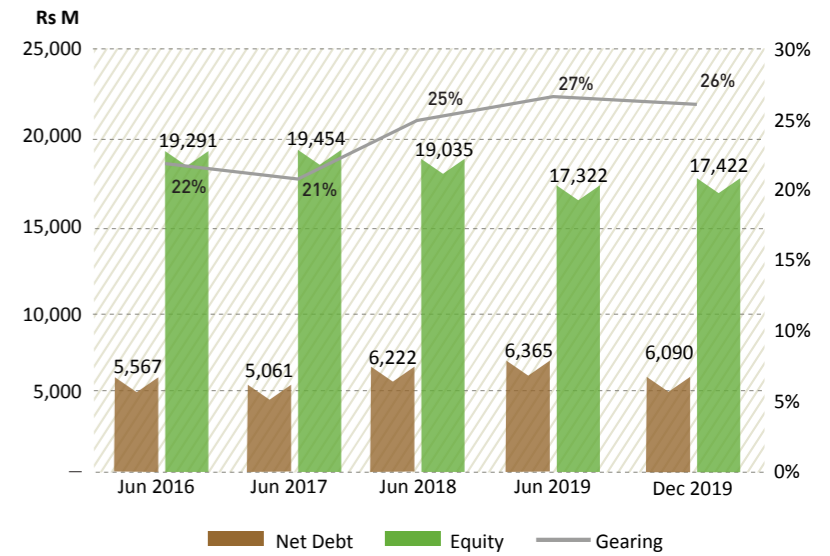
By Order of the Board
Intercontinental Secretarial Services Limited
Company Secretary

February 13 2020

Notes:
The condensed financial statements for the 6 months ended December 31, 2019 are unaudited, and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2019 except for the adoptions of amendments to published standards and interpretations issued and effective as from July 1 2019. Copies of the above condensed unaudited financial statements and statement 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, Saint 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.

GEARING



PROPERTY

IMPROVED RESULTS WITH HIGHER PROPERTY SALES REVENUE RECOGNITION

Higher property sales revenue from Anahita was recognised during the period as the construction works progressed on 11 villas sold off-plan and the sale of two serviced plots were signed. Anahita Golf & Spa Resort and Anahita Golf Club also posted better results driven by a higher average guest spending and occupancy.

OUTLOOK
GROUP PERFORMANCE EXPECTED TO BE SUPPORTED BY THE PROPERTY CLUSTER AND THE TANZANIAN SUGAR OPERATIONS

Given the seasonality of the Mauritian sugar operations, most of their annual revenue has been recognised to date and losses are expected to increase over the remaining part of the financial year. As previously reported and despite the recent price upturn, these operations will continue to be affected by adverse conditions on the world market, and the EU market in particular. In order to face this challenging context, management has been restructuring its operations with the objective of achieving efficiency gains and cost reductions. At industry level, Government is yet to come forth with longer term reforms, including a comprehensive biomass framework. The recent appointment of the World Bank to carry out a study on the viability of the cane industry in Mauritius is welcomed.

An enhanced sugar cane availability in Kenya, as the area under cane further develops, is expected to continue to be beneficial to the operations. However, sugar prices stabilising below the long term average level may have an adverse effect on the results of the next quarters. In Tanzania, the impact of lower yields observed to date are expected to be partly mitigated by strengthening prices.

The energy cluster's results going forward are expected to be adversely affected with a lower tariff and higher depreciation charge at AEnL.

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.