

Communiqué

Background

The Board of Directors of CIEL Limited (“CIEL” or “the Company”) wishes to inform its shareholders and the public in general that, it has taken note of an article entitled “SOS et alarme boursiers pour CIEL, Medine et Southern Cross” published by Le Mauricien on 15 June 2020.

This article was published without the prior consultation of CIEL and contains several inaccuracies while being unduly alarmist with regard to its financial situation. The headline and content of the article allude to the fact that CIEL is in the midst of a debt restructuring exercise, which is not the case. CIEL has sought from its noteholders certain technical waivers that have no impact whatsoever on the Company’s ability to service its debts.

CIEL Multi-Currency Note Programme

CIEL has issued notes of MUR 2,870,000,000 under its Multi-Currency Note Programme of MUR 4,000,000,000, carrying the following covenants:

- Interest coverage ratio (“the ICR Covenant”) exceeding 1.5 times;
- Gearing ratio less than 40%;
- Minimum valuation of share pledges of 1.25 times in the form of Alteo Limited (“Alteo”) or Sun Limited (“SUN”) shares (the “Minimum Valuation Covenant”). If the value of the share pledges falls below the minimum pledged amount, the noteholder representative has the right to request CIEL to pledge additional Alteo or SUN shares or to provide other security interest acceptable to the noteholder representative.

The ICR Covenant

For the nine months ending 31 March 2020, CIEL reported a revenue of MUR 479m and EBITDA of MUR 302m. CIEL’s interest costs amount to approximately MUR 130m per year. Accordingly, and as at the date of this communiqué, CIEL does not expect to breach its ICR Covenant for the financial year 30 June 2020. Nevertheless, given the anticipated impact of the COVID-19, CIEL has deemed it prudent to request such a waiver from its noteholders for the financial year 30 June 2021.

The Minimum Valuation Covenant

The COVID-19 pandemic has created considerable turmoil in the global and local equity markets. As two sizeable constituents of the Mauritian equity markets, SUN and Alteo have not been spared from the downward movement in share prices and the market capitalisation of these companies remains at a substantial discount to their net asset values.

In light of the above situation, CIEL has requested that its noteholders waive the Minimum Valuation Covenant. Such waivers, following an acute fall in the value of the collateral due to extreme mark-to-market movements, are not uncommon.

Ability to Pay

The waivers requested by CIEL are technical in nature and, crucially, do not relate to payment deferrals. CIEL has the ability to meet its interest payments and has confirmed to its noteholders that (i) it has sufficient financial resources to honour its commitments for at least up to 30 June 2021 and (ii) that it intends to continue to do so in the foreseeable future.

Discussions on the waiver of the ICR Covenant and the Minimum Valuation Covenant between CIEL and its noteholders are on-going. CIEL remains confident that an outcome to the satisfaction of all parties will be reached and would like to take this opportunity to thank all its noteholders for their continued support during these turbulent times.

By Order of the Board

CIEL Corporate Services Ltd
Company Secretary

16 June 2020

This communiqué is issued pursuant to SEM Listing Rule 11.3 and Rule 5 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007.

The Board of Directors of CIEL Limited accepts full responsibility for the accuracy of the information contained in this communiqué.

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