sugar • energy • property | Vision in Motion

ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE YEAR ENDED JUNE 30, 2020

"Alteo Group reports an improved normalised EBITDA driven by the better performance of the sugar operations in Mauritius and Tanzania"

GROUP HIGHLIGHTS

- 8% REVENUE
- 5% Normalised EBITDA
- 120% PAT
- 87% EPS

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited 30 Jun 20 Rs 000	Audited 30 Jun 19 Rs 000
REVENUE	8,286,946	8,997,439
Normalised earnings before interests, taxation, depreciation & amortisation	1,969,491	1,867,749
Other income and expenses	76,532	235,909
Earnings before interests, taxation, depreciation & amortisation	2,046,023	2,103,658
Release of deferred income	34,359	42,483
Depreciation and amortisation	(728,079)	(729,930)
Earnings before interests, taxation, impairment and allowance for expected credit losses	1,352,303	1,416,211
Impairment of assets and allowance for expected credit losses	(31,832)	(1,626,100)
Earnings/(Loss) before interest and taxation	1,320,471	(209,889)
Finance income	8,470	30,636
Finance costs	(511,846)	(524,627)
Share of results of joint ventures & associates	(15,004)	(2,002)
Profit/(Loss) before taxation	802,091	(705,882)
Taxation	(579,942)	(376,342)
Profit/(Loss) for the year	222,149	(1,082,224)
Other comprehensive income for the year	399,387	7,243
Total comprehensive income for the year	621,536	(1,074,981)
Profit/(Loss) attributable to:		
- Equity holders	(102,340)	(821,268)
- Non-controlling interests	324,489	(260,956)
	222,149	(1,082,224)
Total comprehensive income attributable to:		
- Equity holders	224,790	(785,848)
- Non-controlling interests	396,746	(289,133)
	621,536	(1,074,981)
Earnings per share	(0.32)	(2.58)
Dividend per share	0.54	0.67

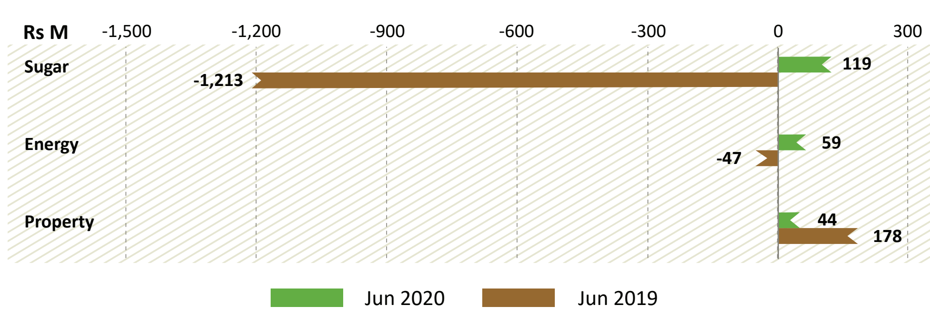
GROUP SEGMENTAL INFORMATION

	Audited 30 Jun 20 Rs 000	Audited 30 Jun 19 Rs 000
Revenue by Cluster		
Sugar	6,865,222	6,974,721
Energy	638,307	1,145,752
Property	956,844	1,146,198
Consolidation adjustments	(173,427)	(269,232)
Total revenue	8,286,946	8,997,439
Revenue by Country		
Mauritius	3,356,230	3,891,723
Tanzania	3,192,243	3,313,705
Kenya	1,911,900	2,061,243
Consolidation adjustments	(173,427)	(269,232)
Total revenue	8,286,946	8,997,439
Profit/(loss) allocated by cluster		
Sugar	118,827	(1,212,745)
Energy	59,357	(47,131)
Property	43,965	177,652
Profit/(loss) for the year	222,149	(1,082,224)
Profit/(loss) allocated by country		
Mauritius	(211,750)	(1,680,491)
Tanzania	861,058	819,637
Kenya	(427,159)	(221,370)
Profit/(loss) for the year	222,149	(1,082,224)

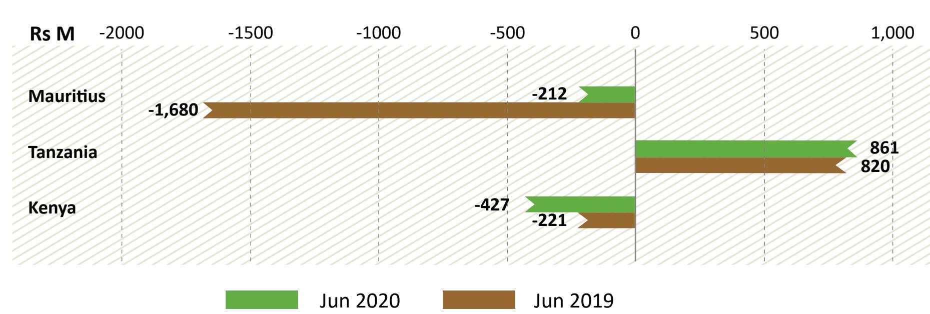
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Audited 30 Jun 20 Rs 000	Audited 30 Jun 19 Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant, equipment and right of use assets		17,958,606	18,810,609
Investment properties		2,855,563	1,646,386
Intangible assets		1,906,281	1,802,892
Investment in joint ventures & associates		42,484	92,996
Financial assets at fair value through OCI		9,127	9,312
Deferred tax assets and other non current receivables		280,489	292,829
		23,052,550	22,655,024
Current assets		6,923,523	5,879,010
TOTAL ASSETS		29,976,073	28,534,034
EQUITY AND LIABILITIES			
Shareholders' interests		15,831,072	15,778,268
Non-controlling interests		1,411,637	1,542,646
Non-current liabilities		7,658,939	7,002,897
Current liabilities		5,074,425	4,210,223
TOTAL EQUITY AND LIABILITIES		29,976,073	28,534,034
Net asset value per share	Rs	49.71	49.54
Number of shares in issue	No	318,492,120	318,492,120

PROFIT/(LOSS) FOR THE YEAR ALLOCATED BY CLUSTER



PROFIT/(LOSS) FOR THE YEAR ALLOCATED BY COUNTRY



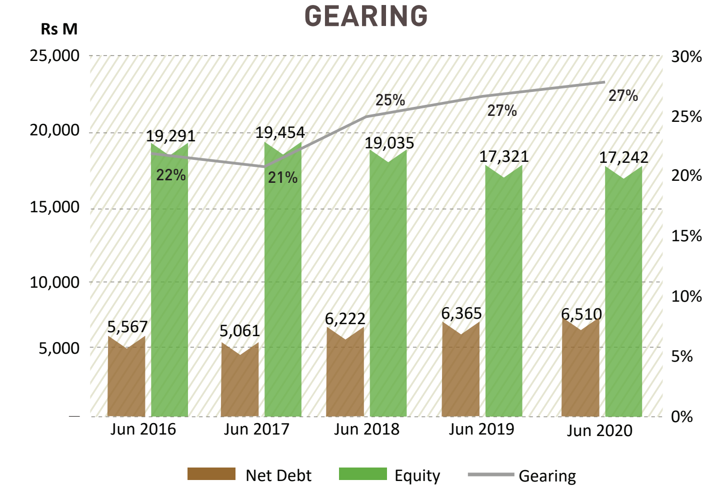
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Audited 30 Jun 20 Rs 000	Audited 30 Jun 19 Rs 000
Net cash flow from operating activities	772,923	1,106,350
Net cash flow from/(used in) investing activities	4,076	(482,580)
Net cash flow (used in) financing activities	(550,659)	(276,677)
Net Increase in cash and cash equivalents	226,340	347,093
Cash and cash equivalents at July 1,	(940,897)	(1,287,990)
Cash and cash equivalents at June 30	(714,557)	(940,897)

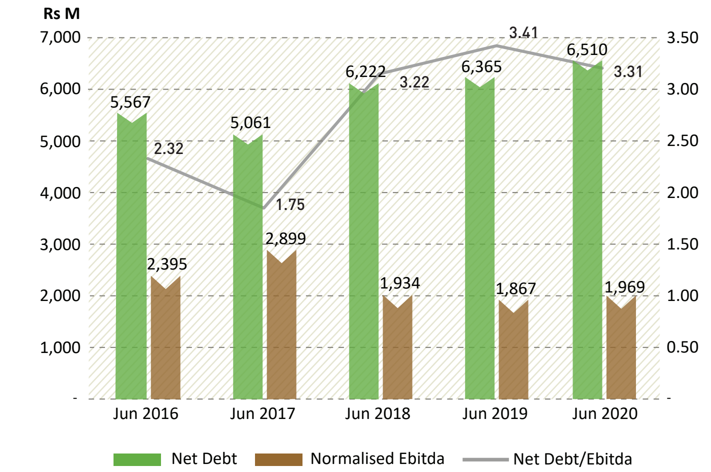
GROUP CONDENSED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders Rs 000	Non controlling interests Rs 000	Total Equity Rs 000
At 1 July 2019	15,778,268	1,542,646	17,320,914
Total comprehensive income for the year	224,790	396,746	621,536
Decrease in share capital of subsidiary	-	(43,986)	(43,986)
Dividend	(171,986)	(483,769)	(655,755)
At 30 June 2020	15,831,072	1,411,637	17,242,709
At 1 July 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the year	(785,848)	(289,133)	(1,074,981)
Increase in share capital of subsidiary	-	34,162	34,162
Dividend	(213,390)	(460,357)	(673,747)
At 30 June 2019	15,778,268	1,542,646	17,320,914

GEARING



EVOLUTION OF NET DEBT, EBITDA AND NET DEBT/EBITDA



COMMENTS

GROUP REVIEW FOR THE YEAR

IMPROVED PERFORMANCE OF THE SUGAR CLUSTER

Group revenue for the year dropped by 8% mainly explained by the lower revenues of the Energy and Property clusters. However, normalised EBITDA improved by 5% driven by the better performance of the sugar operations in Mauritius and Tanzania. Profit after tax and earnings per share also improved significantly as last year's results had been impacted by asset impairment charges within the Sugar and Energy clusters.

Other comprehensive income was favourably affected by a revaluation surplus on the land of Alteo Agri Ltd and an appreciation of the Tanzanian and Kenyan Shillings versus the Mauritian Rupee during the year.

In view of the current Covid-19 related crisis, management has conducted impairment tests on the carrying values of the group's hospitality assets within the property cluster. No diminution in carrying values have been observed and hence no impairment charges were recognised in the consolidated statement of profit or loss for the financial year.

SUGAR

IMPROVED PERFORMANCE ATTRIBUTABLE TO THE MAURITIAN AND TANZANIAN OPERATIONS

The Sugar cluster posted a marked improvement in profitability as last year's results for the Mauritian sugar operations had suffered impairments of bearer biological assets, milling and refining equipment totalling Rs1.46bn. After adjusting for these asset impairment charges and other non-recurring income and expenses, losses for the Mauritian sugar operations reached Rs341m for the current year compared to Rs744m for the comparative year. This improvement is largely attributable to the better price achieved for crop 2019 and cost reductions achieved through the ongoing restructuring of the operations.

The Tanzanian operations realised higher profits for the year explained by the better average price achieved on the domestic market and a favourable biological asset fair value movement despite a lower volume sold.

In Kenya, higher losses were driven by a decline in the average price and lower production and sales volumes due to a sub optimal factory time efficiency and a 3 week planned maintenance stop in November 2019. The mill had not stopped in the comparative period. A deferred tax asset de-recognition further deteriorated the results for the year.

ENERGY

A LOWER OFFTAKE AND TARIFF DROVE DOWN PROFITABILITY ON A NORMALISED BASIS

The Energy cluster results improved significantly this year as last year's results suffered from an asset impairment charge of Rs170m resulting from the closure of the operations of Consolidated Energy Co Ltd (CEL). On the other hand, this year's results were boosted by gains of Rs72m arising from the sale of CEL's equipment. On a normalised basis, the cluster results were adversely affected by a lower offtake from the Central Electricity Board (CEB) and a lower tariff following the re-negotiation of the Power Purchase Agreement of Alteo Energy Ltd.

PROPERTY

LOWER PROPERTY REVENUES RESULTING FROM DELAYS

Following the lockdown period, delays in the finalisation of sales deeds for several serviced plots at Anahita resulted in lower property revenues for the year. Revenue recognition pertaining to construction works in progress on villas sold off-plan were comparable to last year. The cluster results were further adversely affected by losses suffered by Anahita Golf & Spa Resort and Anahita Golf Club as a direct consequence of the Covid-19 pandemic.

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 have lasting effects on the Group's Property cluster and more specifically Anahita Golf and Spa Resort and Anahita Golf Club. These operations have ground to a halt upon the decision of the Mauritian Government to shut down air access and there is little visibility as to a restart of operations as at date. On the property development front, the encouraging level of reservations secured prior to the lockdown will help revenue generation in the next financial year if no significant sales finalisation delays are experienced.

The exposure of the Sugar cluster to the effects of the pandemic has been limited to date. However, the impact of the pandemic on Alteo's main sugar export markets is still uncertain at this stage. As previously reported and despite being on a recovery trend, the Mauritian sugar operations remain under stress due to adverse market conditions prevailing before the Covid-19 outbreak. An enhanced sugar cane availability and improving factory time efficiency are expected to be beneficial to the Kenyan sugar operations while the early signs of a good crop are being observed in Tanzania with higher yields than the previous crop to date.

The energy cluster is expected to continue to be adversely affected with a lower tariff and lower demand from the CEB.

By Order of the Board
Intercontinental Secretarial Services Ltd
Company Secretary

September 29, 2020

Notes:
The condensed financial statements are audited by Ernst & Young, and have been prepared in accordance with International Financial Reporting Standards (IFRSs).

Copies of the above condensed audited financial statements, the full audited financial statements and statement of direct and indirect interests of Officers of the Company 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 condensed audited financial statements are issued pursuant to Listing Rule 12.14 and 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.