Alteo
Vision in Motion

ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE QUARTER ENDED SEPTEMBER 30, 2018

"Alteo Group reports an improved turnover driven by better sales in Kenya and Tanzania while group profit after tax remained tainted by an unfavourable sugar price environment in Mauritius."

GROUP HIGHLIGHTS FOR THE QUARTER

25%	4%	14%	64%
TURNOVER	EBITDA	PAT	EPS

GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited 3 months to 30 Sep 18 Rs 000	Unaudited 3 months to 30 Sep 17 Rs 000
TURNOVER		2,618,916	2,087,157
Normalised earnings before interests, taxation, depreciation and amortisation		689,632	719,135
Other income and expenses		1,661	-
Earnings before interests, taxation, depreciation and amortisation		691,293	719,135
Depreciation, amortisation and release of deferred income		(167,803)	(182,534)
Earnings before interest and taxation		523,490	536,601
Finance costs		(116,079)	(118,059)
Share of results of joint ventures & associates		(5,682)	(7,742)
Profit before taxation		401,729	410,800
Taxation		(152,291)	(120,170)
Profit for the period		249,438	290,630
Other comprehensive income for the period		(29,832)	(63,269)
Total comprehensive income for the period		219,606	227,361
Profit attributable to:			
Owners of the parent		47,719	131,188
Non-controlling interests		201,719	159,442
		249,438	290,630
Total comprehensive income attributable to:			
Owners of the parent		34,469	98,209
Non-controlling interests		185,137	129,152
		219,606	227,361
Earnings per share	Rs	0.15	0.41
Dividend per share	Rs	0.00	0.00

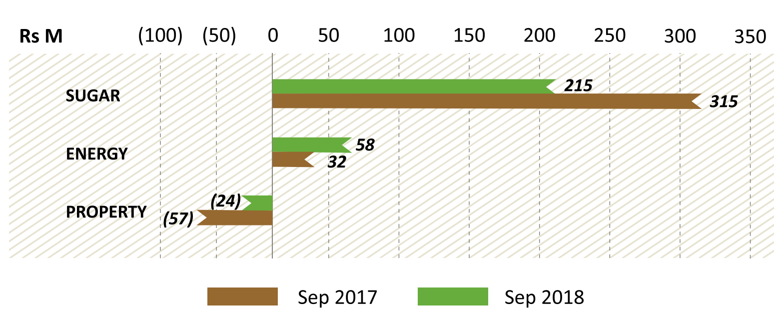
GROUP SEGMENTAL INFORMATION

	Unaudited 3 months to 30 Sep 18 Rs 000	Unaudited 3 months to 30 Sep 17 Rs 000
Turnover by Cluster		
Sugar	2,164,722	1,817,422
Energy	329,399	266,953
Property	168,540	40,953
Consolidation adjustments	(43,745)	(38,171)
Total turnover	2,618,916	2,087,157
Turnover by Country		
Mauritius	1,191,895	1,148,769
Tanzania	856,019	707,845
Kenya	614,747	268,714
Consolidation adjustments	(43,745)	(38,171)
Total turnover	2,618,916	2,087,157
Results by Cluster		
Sugar	215,196	315,375
Energy	58,441	31,766
Property	(24,199)	(56,511)
Profit for the period	249,438	290,630
Results by Country		
Mauritius	(21,634)	62,798
Tanzania	246,297	313,402
Kenya	24,775	(85,570)
Profit for the period	249,438	290,630

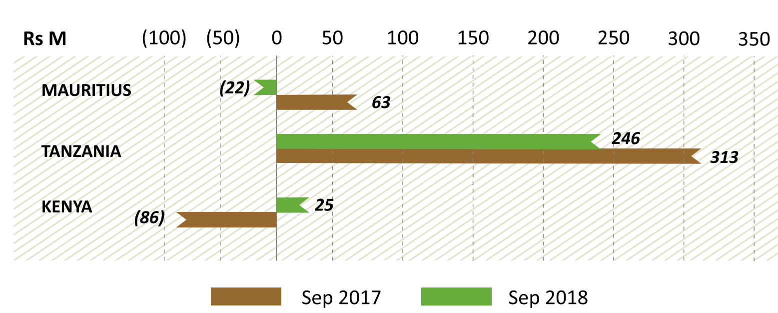
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

		Unaudited 30 Sep 18 Rs 000	Audited 30 Jun 18 Rs 000
ASSETS EMPLOYED			
Non-current assets			
Property, plant and equipment		19,981,656	20,101,214
Investment properties		1,646,386	1,646,386
Intangible assets		1,775,300	1,785,920
Investment in joint ventures & associates		18,051	21,639
Investment in available-for-sale financial assets		59,704	56,140
Deferred tax assets and other non current receivables		190,917	216,103
		23,672,014	23,827,402
Current assets		6,342,341	6,308,094
Non-current assets held for sale		307,823	308,039
TOTAL ASSETS		30,322,178	30,443,535
EQUITY AND LIABILITIES			
Shareholders' interests		16,810,680	16,777,506
Non-controlling interests		2,443,116	2,257,974
Non-current liabilities		6,330,734	6,325,634
Current liabilities		4,737,648	5,082,421
TOTAL EQUITY AND LIABILITIES		30,322,178	30,443,535
Net asset value per share	Rs	52.78	52.68
Number of shares in issue	No	318,492,120	318,492,120

PROFIT FOR THE PERIOD BY CLUSTER



PROFIT FOR THE PERIOD BY COUNTRY



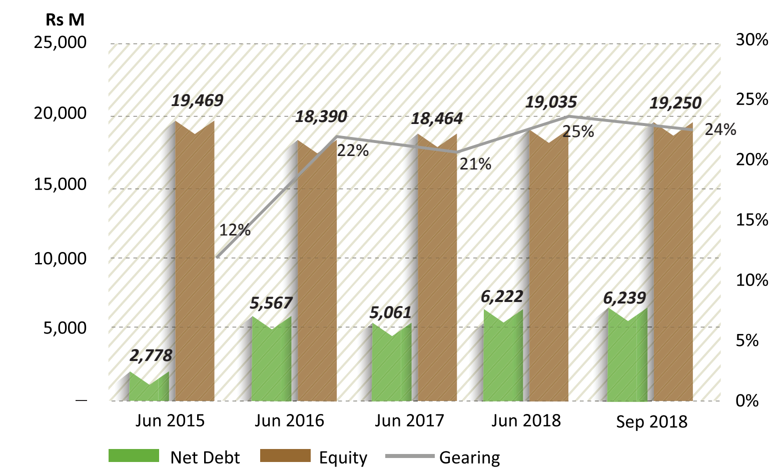
GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 30 Sep 18 Rs 000	Unaudited 30 Sep 17 Rs 000
Net cash flow from operating activities	181,984	328,711
Net cash flow (used in) investing activities	(83,483)	(184,685)
Net cash flow (used in) financing activities	(213,035)	(249,928)
Net (decrease) in cash and cash equivalents	(114,535)	(105,902)
Cash and cash equivalents at July 1	(1,289,990)	(680,097)
Cash and cash equivalents at September 30	(1,404,525)	(785,999)

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 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the period	34,469	185,137	219,606
Movement in reserves	(1,295)	5	(1,290)
At 30 September 2018	16,810,680	2,443,116	19,253,796
At 1 July 2017	16,035,900	2,427,763	18,463,663
Total comprehensive income for the period	98,209	129,152	227,361
Movement in reserves	(487)	100	(387)
At 30 September 2017	16,133,622	2,557,015	18,690,637

GEARING



COMMENTS

GROUP REVIEW FOR THE QUARTER

LOWER PROFITABILITY OF THE SUGAR CLUSTER

Group turnover increased by 25% in the quarter under review mainly explained by the significantly better sales achieved by the East African sugar operations. However, EBITDA and profit after tax dropped by 4% and 14% respectively as the Mauritius sugar operations remained under pressure in a low price environment and lower margins were realised on imported sugar sales in Tanzania. The adverse performance of the Sugar cluster was mitigated to some extent by the improved results of the Energy and Property clusters.

Earnings per share deteriorated by 64% over the period mainly influenced by the adverse performance of the Mauritian sugar operations in which Alteo holds relatively high effective interests.

SUGAR

DROP IN RESULTS MAINLY DRIVEN BY OPERATIONS IN MAURITIUS DESPITE TURNAROUND IN KENYA

The results of the Mauritian operations were down on account of a persisting unfavourable price environment. The fact that the recent sector support measures announced by Government excluded millers and an adverse movement in the fair value of consumable biological assets further weighted on the Mauritian operations results. The cluster performance was however positively affected by the beginning of a turnaround in Kenya with a significantly higher production and sales volume resulting from an enhanced sugar cane availability. The medium term strategy of accelerated cane development implemented by management as from January 2017 started to translate into an increasing cane throughput as from July 2018, the average cane growth cycle being 18 months in the Transmara region. Prices on the domestic market also improved during the quarter. Finally, the Tanzanian operations achieved better sales but realised a lower profitability as priority was given to the sales of lower margin imported sugar. These operations also suffered from a slightly lower average price this quarter.

ENERGY

HIGHER PROFITABILITY WITH BETTER TARIFF AND CONTROL OVER MAINTENANCE COSTS

The Energy cluster posted a higher profit after tax mainly due to a better average tariff achieved by Alteo Energy Ltd (AEnL) and better controlled maintenance costs at Consolidated Energy Co Ltd (CEL).

PROPERTY

RESULTS IMPROVED WITH HIGHER PROPERTY SALES REVENUE RECOGNITION

Property sales revenue continued to be recognised during the quarter as the construction works progressed on seven villas sold off-plan in the prior year. No property sales had been booked in the comparative quarter. Further, the cluster results were also influenced by the improved performance of Anahita Golf & Spa Resort driven by a better occupancy.

OUTLOOK

INITIATIVES TO ADDRESS SUGAR CLUSTER CHALLENGES IN MAURITIUS

Further to a set of recommendations made by a technical committee, Government recently decided to provide support to sugar cane planters in respect of the 2018 crop sugar production. This came in the form of a renewed assistance of Rs1,250 per tonne from the Sugar Insurance Fund and an additional remuneration for bagasse of Rs1,250 per tonne of sugar, thus bringing the revenue accruing from bagasse to Rs2,500 for small planters and Rs1,700 for other planters. These measures come over and above the ex Mauritius Sugar Syndicate price estimate of Rs9,700 per tonne but, regrettably, are not applicable to the milling sector which remains in an extremely vulnerable situation with significant losses forecasted for the financial year. Alteo, together with other millers, are continuing their efforts to address this anomaly.

GROUP PERFORMANCE EXPECTED TO BE SUPPORTED BY THE EAST AFRICAN SUGAR OPERATIONS

In the short to medium term, the Mauritian sugar operations will continue to be affected by adverse price conditions on the world market and the EU market in particular. A reduction in sugar cane production is expected this year with relatively low yields observed to date, despite a better sucrose level. An enhanced sugar cane availability, as the area under cane continues to develop, and improved domestic market conditions are expected to continue to be beneficial to the Kenyan sugar operations. In Tanzania, a good crop is expected and the sales of locally produced sugar should gradually catch up with last year's volumes over the remaining part of the year as the stock of imported sugar is cleared.

The Power Purchase Agreements (PPAs) for CEL and AEnL will expire in December 2018 and the Central Electricity Board has notified CEL that it would not renew its PPA. The energy cluster's outlook remains uncertain as the terms of the renewed PPA for AEnL are still to be confirmed.

An improving trend in the property cluster results is anticipated as the construction of off-plan villas progresses and several sales of serviced plots are expected to be concluded in the second semester of the financial year.

By Order of the Board

Kate M. Li Kwong Wing
Company Secretary

November 13, 2018

Notes: The condensed financial statements for the quarter ended September 30, 2018 are unaudited, and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2018.
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.