

“Alteo Group reports a drop in results on the back of a lower sugar cane availability in Kenya and a lower sugar price in Mauritius while Tanzanian sugar operations continue to achieve a strong performance”

GROUP HIGHLIGHTS FOR THE SEMESTER



GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 Months to 31 Dec 17	Unaudited 3 Months to 31 Dec 16	Unaudited 6 Months to 31 Dec 17	Unaudited 6 Months to 31 Dec 16
	Rs 000	Rs 000	Rs 000	Rs 000
TURNOVER	2,440,390	2,931,994	4,527,547	5,575,606
Earnings Before Interests, Taxation, Depreciation & Amortisation (EBITDA)	627,859	1,027,854	1,351,413	2,021,422
Depreciation & amortisation	(187,549)	(203,440)	(374,502)	(393,291)
Earnings Before Interests & Taxation (EBIT)	440,310	824,414	976,911	1,628,131
Finance costs	(105,953)	(119,085)	(224,012)	(240,432)
Share of results of joint ventures & associates	8,494	13,999	752	5,874
Additional consideration on business combination	-	(87,813)	-	(87,813)
Gain on disposal of assets	150,392	7,695	150,392	54,920
Profit before taxation	493,243	639,210	904,043	1,360,680
Taxation	(192,336)	(229,754)	(312,506)	(388,376)
Profit for the period	300,907	409,456	591,537	972,304
Other comprehensive income for the period	(25,633)	31,410	(88,902)	41,185
Total comprehensive income for the period	275,274	440,866	502,635	1,013,489
Profit attributable to:				
Owners of the parent	101,490	152,279	232,678	449,803
Non-controlling interests	199,417	257,177	358,859	522,501
	300,907	409,456	591,537	972,304
Total comprehensive income attributable to:				
Owners of the parent	87,392	174,335	185,601	479,422
Non-controlling interests	187,882	266,531	317,034	534,067
	275,274	440,866	502,635	1,013,489
Earnings per share	Rs 0.32	Rs 0.48	Rs 0.73	Rs 1.41
Dividend per share	Rs 0.35	Rs 0.37	Rs 0.35	Rs 0.37

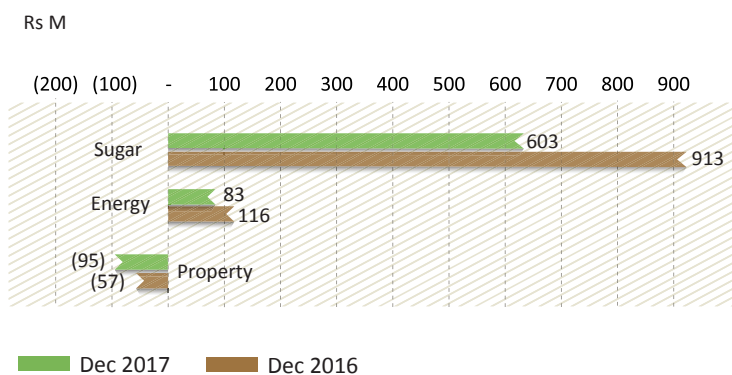
GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Dec 17	Unaudited 3 Months to 31 Dec 16	Unaudited 6 Months to 31 Dec 17	Unaudited 6 Months to 31 Dec 16
	Rs 000	Rs 000	Rs 000	Rs 000
Turnover by Cluster				
Sugar	2,050,907	2,372,282	3,868,329	4,584,491
Energy	353,357	326,505	620,310	625,724
Property	63,863	255,478	104,816	413,108
Consolidation adjustments	(22,737)	(22,271)	(65,908)	(47,717)
Total turnover	2,440,390	2,931,994	4,527,547	5,575,606
Turnover by Country				
Mauritius	1,213,485	1,436,061	2,362,254	2,801,539
Tanzania	933,654	759,166	1,641,498	1,378,987
Kenya	320,988	759,038	589,703	1,442,797
Consolidation adjustments	(27,737)	(22,271)	(65,908)	(47,717)
Total turnover	2,440,390	2,931,994	4,527,547	5,575,606
Results by Cluster				
Sugar	287,827	365,121	603,201	913,159
Energy	51,133	50,261	82,899	116,338
Property	(38,053)	(5,926)	(94,563)	(57,193)
Profit for the period	300,907	409,456	591,537	972,304
Results by Country				
Mauritius	(13,832)	94,655	48,966	309,676
Tanzania	423,027	278,524	736,458	529,940
Kenya	(108,288)	36,277	(193,887)	132,688
Profit for the period	300,907	409,456	591,537	972,304

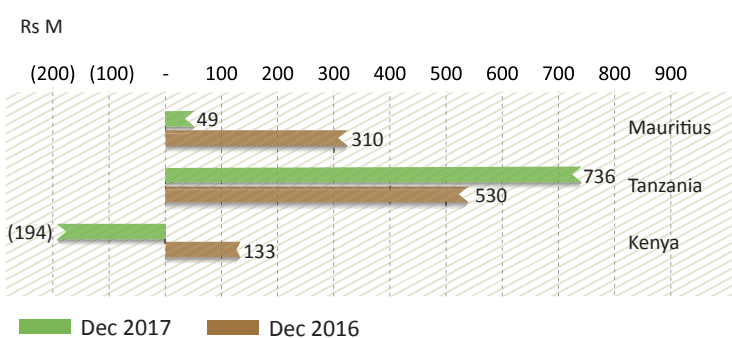
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Dec 17	Audited 30 Jun 17
	Rs 000	Rs 000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment	19,443,886	19,676,982
Land-projects	2,924	2,924
Investment properties	1,689,969	1,689,969
Intangible assets	1,169,581	1,194,834
Investment in joint ventures & associated companies	4,468	17,733
Investment in available-for-sale financial assets	82,220	80,552
Deferred expenditure and other non current receivables	1,113,083	1,124,179
	23,506,131	23,787,173
Current assets	6,051,389	5,419,310
Non-current assets held for sale	289,721	285,334
TOTAL ASSETS	29,847,241	29,491,817
EQUITY AND LIABILITIES		
Shareholders' interests	17,044,490	16,970,845
Non-controlling interests	2,627,408	2,482,865
Non-current liabilities	5,526,624	5,554,320
Current liabilities	4,648,619	4,483,787
TOTAL EQUITY AND LIABILITIES	29,847,241	29,491,817
Net asset value per share	Rs 53.52	Rs 53.28
Number of shares in issue	No 318,492,120	No 318,492,120

SEMESTER RESULTS BY CLUSTER



SEMESTER RESULTS BY COUNTRY



GROUP CONDENSED STATEMENT OF CASH FLOWS

	Unaudited 31 Dec 17	Unaudited 31 Dec 16
	Rs 000	Rs 000
Net cash flow from operating activities	537,144	1,176,223
Net cash flow used in investing activities	(389,665)	(427,314)
Net cash flow used in financing activities	(426,182)	(767,731)
Net decrease in cash and cash equivalents	(278,703)	(18,821)
Cash and cash equivalents at July 1,	(680,097)	(737,378)
Cash and cash equivalents at December 31	(958,800)	(756,199)

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 2017	16,970,845	2,482,865	19,453,710
Total comprehensive income for the period	185,601	317,034	502,635
Movement in reserves	(484)	91	(393)
Dividend	(111,472)	(172,582)	(284,054)
At 31 December 2017	17,044,490	2,627,408	19,671,898
At 1 July 2016	16,924,572	2,366,528	19,291,100
Total comprehensive income for the period	479,422	534,067	1,013,489
Movement in reserves	1,148	(1,460)	(312)
Dividend	(117,842)	(177,416)	(295,258)
At 31 December 2016	17,287,300	17,287,300	20,009,019

COMMENTS

GROUP RESULTS FOR THE SEMESTER OVERALL

Group turnover and EBITDA dropped by 19% and 33% respectively driven by a lower sugar cane availability in Kenya and by a lower price in Mauritius. However, the Tanzanian operations achieved commendable results over the semester on the back of an increasing sales volume and price.

Group profit after tax was further enhanced by gains of Rs150m realised on the disposal of land.

The negative other comprehensive income for the period relates to translation reserve movements arising on consolidation of foreign subsidiaries and is mainly attributable to a depreciation of the Tanzanian Shilling vis-a-vis the Mauritian Rupee.

SUGAR

RESULTS DRIVEN DOWN BY THE LOWER PERFORMANCE OF OPERATIONS IN KENYA AND MAURITIUS

The sugar cluster performance was adversely affected by a lower sugar cane availability in Kenya compared to the previous period which had benefited from a backlog of over-mature sugar cane. In Mauritius, results were also down on the account of a declining price translating into a lower top line performance and an adverse biological asset fair value movement. The poorer sucrose level observed since the beginning of the crop season was compensated to a large extent by better sugar cane yields. Finally, the Tanzanian operations continued to achieve stronger results driven by an increasing sales volume and a strengthening price.

ENERGY

LOWER PROFITABILITY DUE TO HIGHER MAINTENANCE AND FUEL COSTS

The energy cluster posted a lower profit after tax mainly due to a longer maintenance stop and higher maintenance costs at Consolidated Energy Co Ltd. On the other hand, Alteo Energy Ltd experienced higher fuel costs.

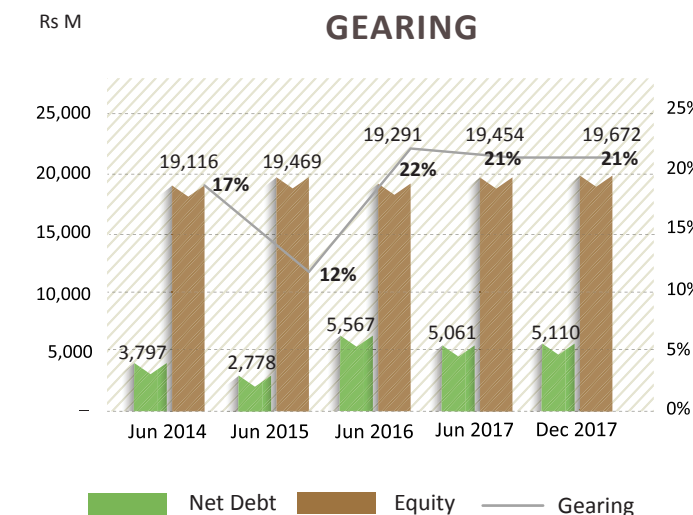
By Order of the Board
February 13, 2018

Kate M. Li Kwong Wing
Company Secretary

Notes:

The condensed financial statements for the six months and quarter ended December 31, 2017 are unaudited, and have been prepared using the same accounting policies as the audited statements for the year ended June 30, 2017. 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) 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

LOWER RESULTS AS PROPERTY SALES COULD NOT BE RECOGNISED WHILE THE RESORT AND GOLF IMPROVED THEIR PERFORMANCE

Given a delay in the construction of villas and the fact that infrastructure works are still being carried out for the northern parcels of Anahita, no sales could be recognized during the first semester while fixed costs are still being incurred. The negative cluster results were partly mitigated by the improving performance achieved by Anahita Golf & Spa Resort and Anahita Golf, both driven by higher occupancy.

OUTLOOK

Owing to the relatively long cane production cycle (16-18 months) in Kenya, the accelerated out-grower cane development programme, initiated as from January 2017, is expected to positively contribute to the results of the Kenyan operations only as from the beginning of the next financial year. The Tanzanian operations should continue to benefit from a sustained price and a good crop despite not achieving last year's record production. Given the seasonality of the Mauritian operations, most of the annual revenue for this segment has been recognised to date.

An increased contribution from Alteo Energy Ltd, following the contractual tariff indexation as from January 2018 and assuming a comparable offtake, will positively impact the energy cluster results for the year.

The completion of infrastructure works for the northern parcels of Anahita and the progress achieved on the construction of villas will enable us to recognise sales in the last quarter. Otherwise the cluster should benefit from the improved performance of Anahita Golf & Spa Resort and Anahita Golf.