



sugar • energy • property | Vision in Motion

ALTEO LIMITED AND ITS SUBSIDIARIES
FOR THE PERIOD ENDED MARCH 31, 2020

“Alteo Group reports an improved normalised EBITDA driven by accelerated sugar sales in Tanzania”

GROUP HIGHLIGHTS FOR THE NINE MONTH PERIOD



GROUP CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 3 Months to 31 Mar 20	Unaudited 3 Months to 31 Mar 19	Unaudited 9 months to 31 Mar 20	Unaudited 9 months to 31 Mar 19
	Rs 000	Rs 000	Rs 000	Rs 000
REVENUE	2,405,637	1,722,059	6,887,595	6,827,099
Normalised earnings before interests, taxation, depreciation & amortisation	936,248	610,095	2,070,734	1,714,832
Other income and expenses	94,606	48,008	147,056	121,587
Earnings before interests, taxation, depreciation & amortisation	1,030,854	658,103	2,217,790	1,836,419
Depreciation, amortisation and release of deferred income	(181,942)	(251,817)	(531,129)	(587,188)
Earnings before interests & taxation	848,912	406,286	1,686,661	1,249,231
Finance costs	(139,142)	(123,879)	(407,946)	(383,491)
Share of results of joint ventures & associates	(15,679)	(2,784)	(8,632)	220
Profit before taxation	694,091	279,623	1,270,083	865,960
Taxation	(221,006)	(103,064)	(467,626)	(394,316)
Profit for the year	473,085	176,559	802,457	471,644
Other comprehensive income for the period	187,107	52,241	263,898	(9,633)
Total comprehensive income for the period	660,192	228,800	1,066,355	462,011
Profit attributable to:				
Owners of the parent	203,236	78,958	263,768	47,379
Non-Controlling interests	269,849	97,601	538,689	424,265
	473,085	176,559	802,457	471,644
Total comprehensive income attributable to:				
Owners of the parent	309,845	110,880	412,293	48,488
Non-Controlling interests	350,847	117,919	654,062	413,523
	660,192	228,799	1,066,355	462,011
Earnings per share	Rs			
Dividend per share	Rs			
	0.64	0.25	0.83	0.15
	0.32	0.32	0.32	0.32

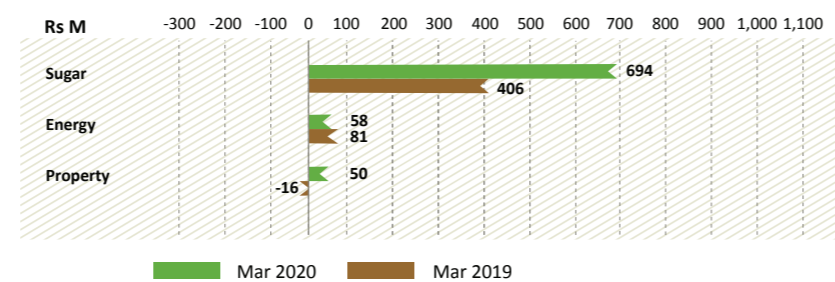
GROUP SEGMENTAL INFORMATION

	Unaudited 3 Months to 31 Mar 20	Unaudited 3 Months to 31 Mar 19	Unaudited 9 months to 31 Mar 20	Unaudited 9 months to 31 Mar 19
	Rs 000	Rs 000	Rs 000	Rs 000
Revenue by Cluster				
Sugar	2,003,394	1,418,151	5,875,219	5,489,285
Energy	141,477	185,011	441,042	915,046
Property	310,057	160,348	732,467	541,663
Consolidation adjustments	(49,291)	(41,451)	(161,133)	(118,895)
Total turnover	2,405,637	1,722,059	6,887,595	6,827,099
Revenue by Country				
Mauritius	638,051	498,041	2,681,176	2,900,358
Tanzania	1,248,346	823,568	2,929,527	2,488,721
Kenya	568,531	441,901	1,438,025	1,556,915
Consolidation adjustments	(49,291)	(41,451)	(161,133)	(118,895)
Total turnover	2,405,637	1,722,059	6,887,595	6,827,099
Profit/(loss) allocated by cluster				
Sugar	385,659	200,024	694,111	406,478
Energy	20,964	(50,072)	58,410	81,268
Property	66,461	26,607	49,936	(16,102)
Profit for the period	473,085	176,559	802,457	471,644
Profit/(loss) allocated by country				
Mauritius	44,667	(45,732)	157	(185,543)
Tanzania	502,148	311,944	1,064,600	780,476
Kenya	(73,729)	(89,653)	(262,300)	(123,289)
Profit for the period	473,085	176,559	802,457	471,644

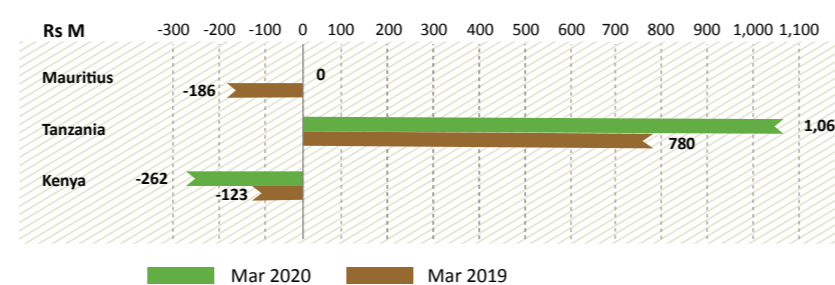
GROUP CONDENSED STATEMENT OF FINANCIAL POSITION

	Unaudited 31 Mar 20	Audited 30 Jun 19
	Rs 000	Rs 000
ASSETS EMPLOYED		
Non-current assets		
Property, plant and equipment	18,936,829	18,810,609
Investment properties	1,646,386	1,646,386
Intangible assets	1,886,693	1,802,892
Investment in joint ventures & associates	73,529	92,996
Financial assets at fair value through OCI	9,312	9,312
Deferred expenditure and other non current receivables	471,388	292,829
	23,024,137	22,655,024
Current assets	5,858,284	5,879,010
TOTAL ASSETS	28,882,421	28,534,034
EQUITY AND LIABILITIES		
Shareholders' interests	16,087,965	15,778,268
Non-controlling interests	1,988,858	1,542,646
Non-current liabilities	7,606,184	7,002,897
Current liabilities	3,199,414	4,210,223
TOTAL EQUITY AND LIABILITIES	28,882,421	28,534,034
Net asset value per share	Rs	50.51
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 Mar 20	Unaudited 31 Mar 19
	Rs 000	Rs 000
Net cash flow from operating activities	1,747,020	440,246
Net cash flow from investing activities	95,640	65,314
Net cash flow (used in)/from financing activities	(554,534)	11,384
Net increase in cash and cash equivalents	1,288,126	516,944
Cash and cash equivalents at July 1,	(940,897)	(1,287,990)
Cash and cash equivalents at March 31	347,229	(771,046)

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	(679)	(100)	(779)
Adjusted balance at 1 July 2019	15,777,589	1,542,546	17,320,135
Total comprehensive income for the period	412,293	654,062	1,066,355
Dividend	(101,917)	(176,037)	(277,954)
Share buy back in subsidiary	-	(31,713)	(31,713)
At 31 March 2020	16,087,965	1,988,858	18,076,823
At 1 July 2018	16,777,506	2,257,974	19,035,480
Total comprehensive income for the period	48,488	413,523	462,011
Movement in reserves	(839)	-	(839)
Dividend	(101,917)	(169,029)	(270,946)
At 31 March 2019	16,723,238	2,502,468	19,225,706

COMMENTS

GROUP REVIEW FOR THE NINE MONTH PERIOD
IMPROVED PERFORMANCE OF THE SUGAR CLUSTER

Group revenue for the period was stable as higher sugar sales in Tanzania and property sales in Mauritius offset drops in revenue from other group operations. Normalised EBITDA and profit after tax improved by 21% and 70% respectively driven, to a large extent, by the better performance of sugar operations in Tanzania.

Other comprehensive income was favourably affected by an appreciation of the Tanzanian Shilling versus the Mauritian Rupee during the period.

Earnings per share recovered by 457% over the period influenced by a combination of the better performance of sugar operations in Tanzania as well as Mauritian sugar and property 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.

The Tanzanian operations achieved significantly higher profits for the period explained by accelerated sales and the better average price achieved on the domestic market. At the period end, TPC Ltd (TPC) had a negligible amount of sugar in stock.

In Mauritius, operational losses were reduced by a higher ex Mauritius Sugar Syndicate price and better sugarcane yields. Losses were further mitigated by a Rs120m financial support from the Sugar Insurance Fund, relating to the prior year and paid only this year, and gains of Rs60m arising from the sale of the idle factory equipment of Deep River Beau Champ Milling Co Ltd.

In Kenya, higher losses were driven by a significant decline in the average price of sugar for the period. 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 period. A slight improvement in overall performance was however achieved in the third quarter.

ENERGY
A LOWER OFFTAKE AND TARIFF DROVE DOWN PROFITABILITY

The results of Alteo Energy Ltd (AEnL) were adversely affected by a lower offtake from the Central Electricity Board and a lower tariff following the re-negotiation of its PPA. This drop in cluster profitability was partly offset by gains of Rs48m arising from the sale of the idle power generation equipment of Consolidated Energy Co Ltd.

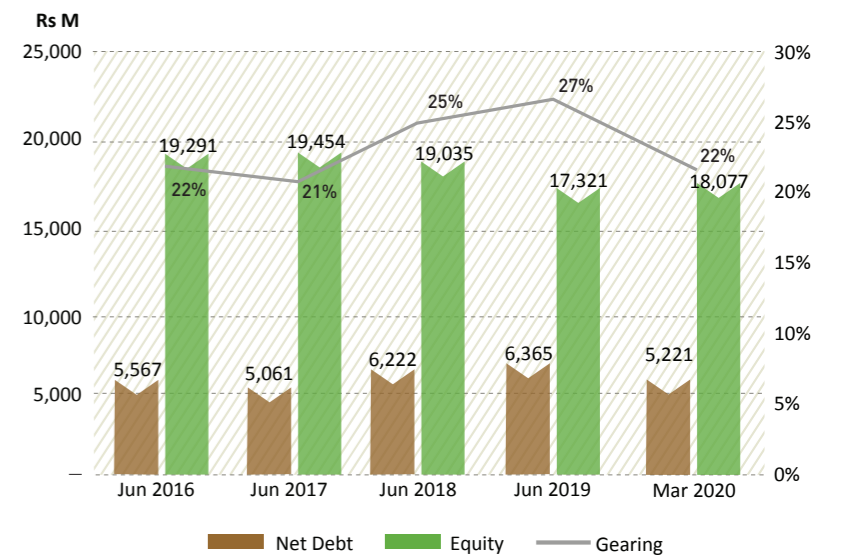
By Order of the Board
Intercontinental Secretarial Services Ltd
Company Secretary
May 15 2020

Notes:
The condensed financial statements for the 9 months ended March 31, 2020 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 REVENUES

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

OUTLOOK

LASTING EFFECTS OF THE COVID-19 PANDEMIC ON ALL GROUP OPERATIONS, THE PROPERTY CLUSTER BEING THE MOST IMPACTED

The Covid-19 pandemic and resulting lock downs and travel restrictions around the world will have lasting effects on all the operations of the group. The property cluster, more specifically Anahita Golf and Spa Resort and Anahita Golf Club, has been the most impacted to date having ground to a halt upon the decision of the Mauritian Government to shut down air access and go into lockdown. While it is expected that construction works on villas already sold to date will resume gradually as and when the country emerges from its lockdown, significant business interruptions are expected for the resort, golf club and property sales going forward.

The Mauritian sugar operations are in off crop and their exposure to the effects of the pandemic has been limited to date. Work access permits have been obtained for a number of factory maintenance workers and management has been striving to avoid any delays in the start of the 2020 crop season scheduled for mid-June. The impact of the pandemic on Alteo's main sugar export markets is uncertain at this stage. As previously reported, these operations remain under stress due to adverse market conditions prevailing before the Covid-19 outbreak.

Tanzania has not gone into lockdown at the time of writing and off crop factory maintenance works at TPC have been progressing as planned. Little revenue generation is expected in the last quarter with the low sugar stock level at 31 March 2020 and the 2020/21 crop planned to start around mid-June. Any Covid-19 related disruptions to TPC's operations following the start of the new crop season is likely to have a significant impact on future group results.

Kenya went into night curfew on 27 March 2020. This decision was of little consequence for the operations of Transmara Sugar Company Ltd, as special passes have been swiftly granted to the company to enable it to continue transporting cane at night. Domestic prices have tended to firm up over the last few weeks but remain highly volatile.

AEnL has maintained its operations throughout the lockdown to date. The energy cluster is expected to continue to be adversely affected with a lower tariff and lower demand during the lockdown.

ASSET IMPAIRMENT REVIEW

In view of the current crisis, management is currently conducting impairment tests on the carrying values of the group's hospitality assets within the property cluster. Any resulting diminution in carrying values will lead to an impairment which will be recognised in the consolidated statement of profit or loss in the final quarter of the financial year.